HOWARD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016









Howard County, Maryland

3430 Court House Drive
Ellicott City, Maryland 21043
Telephone (410) 313-2195
Fax (410) 313-4433
www.howardcountymd.gov

Certain Appointed Officials

Lonnie R. Robbins
Chief Administrative Officer
Stanley J. Milesky
Director of Finance
James M. Irvin
Director of Public Works
Gary W. Kuc
County Solicitor
Valdis Lazdins
Director of Planning and Zoning
Holly Sun
Budget Administrator
Craig Glendenning
County Auditor

Financial Advisor

Public Financial Management, Inc.
Two Logan Square, Suite 1600
18th and Arch Street
Philadelphia, PA 19103
Telephone (215) 567-6100
Fax (215) 567-4180
www.pfm.com

Bond Counsel

McKennon Shelton & Henn LLP
401 East Pratt Street, Suite 2315
Baltimore, Maryland 21202
Telephone (410) 843-3500
Fax (410) 843-3501
www.mshllp.com

Independent Auditor

CohnReznick LLP
500 East Pratt Street, 4th Floor
Baltimore, Maryland 21202-3100
Telephone (410) 783-4900
Fax (410) 727-0460
www.cohnreznick.com

County Executive

Allan H. Kittleman



County Council

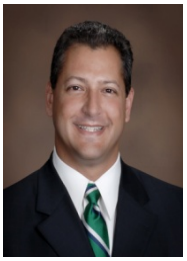
Dr. Calvin Ball
Chairperson



Jon Weinstein
Vice Chairperson



Greg Fox
Council Member



Mary Kay Sigaty
Council Member



Jennifer Terrasa
Council Member



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



Prepared by the Department of Finance

Howard County, Maryland

Table of Contents

Introductory Section

Listing of County Officials
County Executive and Council
Title Page
Table of Contents i
Organizational Chart ii
Letter of Transmittal iii
Certificate of County Auditor xi
Certificate of Achievement for Excellence in Financial Reporting xiii

Financial Section

Independent Auditor's Report 1
Management's Discussion and Analysis – **Required Supplementary Information** 3

Basic Financial Statements

Government-wide Financial Statements
Statement of Net Position 15
Statement of Activities 16
Fund Financial Statements
Balance Sheet – Governmental Funds 17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 20
Statement of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis - General Fund 21
Statement of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis – Agricultural Land Preservation Fund 22
Statement of Net Position – Proprietary Funds 23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 24
Statement of Cash Flows – Proprietary Funds 25
Statement of Fiduciary Net Position – Pension and Other Post – Employment Benefits Trust Funds and Agency Funds 26
Statement of Changes in Fiduciary Net Position – Pension and Other Post-Employment Benefits Trust Funds 27
Combining Statement of Net Position – Component Units 28
Combining Statement of Activities – Component Units 29
Notes to the Financial Statements
Notes to Basic Financial Statements – Index 31
Notes to Basic Financial Statements 32

Required Supplementary Information

Pension Trust Funds 77
Other Post-Employment Benefits Funds 81

Combining and Individual Fund Statements and Schedules – Supplementary Information

General Fund
Schedule of Revenues and Appropriations from Fund Balances – Budgetary Basis 83
Schedule of Expenditures and Encumbrances – Budgetary Basis 85

Non-Major Governmental Funds
Combining Balance Sheet – Non-Major Governmental Funds 91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds 92
Combining Balance Sheet – Non-Major Special Revenue Funds 93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds 94
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis
- Community Renewal Program Fund 95
- Environmental Services Fund 96
- Forest Conservation Fund 97
- Fire and Rescue Reserve Fund 98
- Grants Fund 99
- Recreation Program Fund 100
- Speed Enforcement Fund 101

Combining Balance Sheet – Non-Major Capital Project Funds 102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Capital Project Funds 103
Combining Balance Sheet – Non-Major Debt Service Funds 104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Debt Service Funds 105
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis
- Bond Anticipation Note Fund 106
- Tax Increment Financing Fund 107

Non-Major Enterprise Funds
Combining Statement of Net Position 109
Combining Statement of Revenues, Expenses and Changes in Net Position 110
Combining Statement of Cash Flows 111

Internal Service Funds
Combining Statement of Net Position 113
Combining Statement of Revenues, Expenses and Changes in Net Position 114
Combining Statement of Cash Flows 115

Fiduciary Funds
Combining Statement of Net Position – Pension and Other Post-Employment Benefits Trust Funds 117
Combining Statement of Changes in Net Position – Pension and Other Post-Employment Benefits Trust Funds 118
Combining Statement of Assets and Liabilities – Agency Funds 119
Combining Statement of Changes in Assets and Liabilities – Agency Funds 120

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity 121
Schedule of Changes by Function and Activity 122

Capital Assets Used in the Operation of Enterprise Funds
Schedule of Capital Assets and Depreciation 123

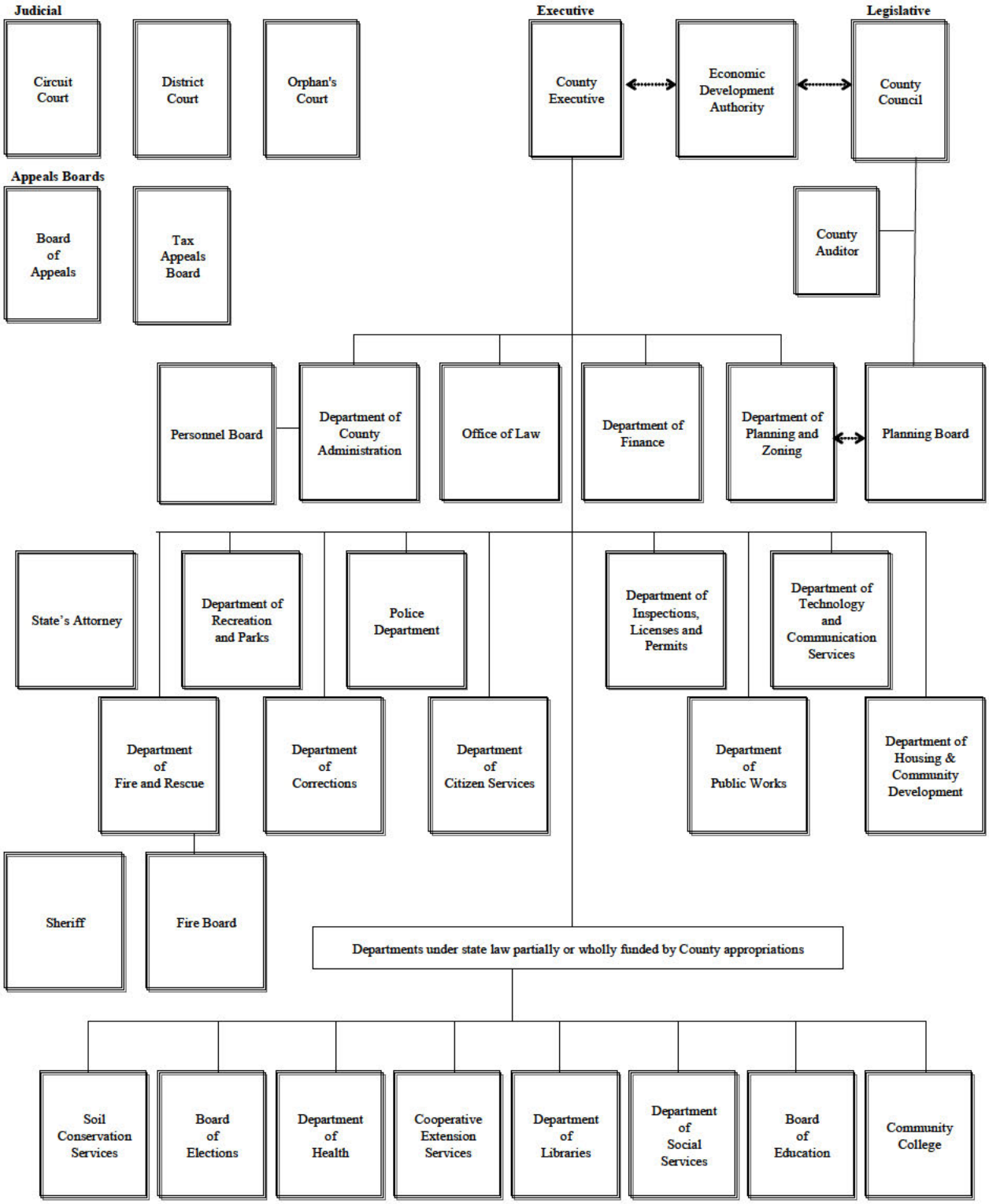
Long-Term Debt
Schedule of Bonded and Other Long-Term Debt – General 125
Schedule of Changes in General Long-Term Debt – Long-Term Obligations 126
Schedule of Bonded and Other Long-Term Debt – Enterprise Funds 127
Schedule of Changes in Bonded Long-Term Debt – Enterprise Funds 128

Audit Report
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 129

Statistical Section

Index 131
Net Position by Category 133
Changes in Net Position 134
Fund Balances, Governmental Funds 136
Changes in Fund Balances of Governmental Funds 137
Assessed and Estimated Accrual Value of Taxable Property 138
Direct and Overlapping Property Tax Rates 139
Principal Property Taxpayers 140
Property Tax Levies and Collections 141
Ratios of Outstanding Debt by Type 142
Ratios of General Bonded Debt Outstanding 143
Legal Debt Margin 144
Pledged Revenue Coverage - Special Recreation Facility 145
Pledged Revenue Coverage - Tax Increment Financing District 146
Demographic and Economic Statistics 147
Principal Employers 148
County Government Employees by Function 149
Operating Indicators by Function/Program 150
Capital Asset Statistics by Function 151

HOWARD COUNTY GOVERNMENT
ORGANIZATIONAL CHART



HOWARD COUNTY DEPARTMENT OF FINANCE
3430 Court House Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2195

Stanley J. Milesky, Director
smilesky@howardcountymd.gov

FAX 410-313-4433
TDD 410-313-2323

November 30, 2016

Honorable County Executive,
Honorable Members of the County Council and
Citizens of Howard County

Ladies and Gentlemen:

FORMAL TRANSMITTAL OF THE CAFR

The audited Comprehensive Annual Financial Report (CAFR) of Howard County, Maryland (the County) prepared by the Department of Finance for the fiscal year (FY) ended June 30, 2016, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the auditor's opinion issued by the independent public accounting firm of CohnReznick LLP, hired by the County Council. The annual report was prepared by the Howard County Department of Finance in cooperation with the finance departments of the County's component units.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CohnReznick LLP, licensed certified public accountants, performed an independent audit and issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2016. The Independent Auditor's Report is presented as the first element of the Financial Section of this report.

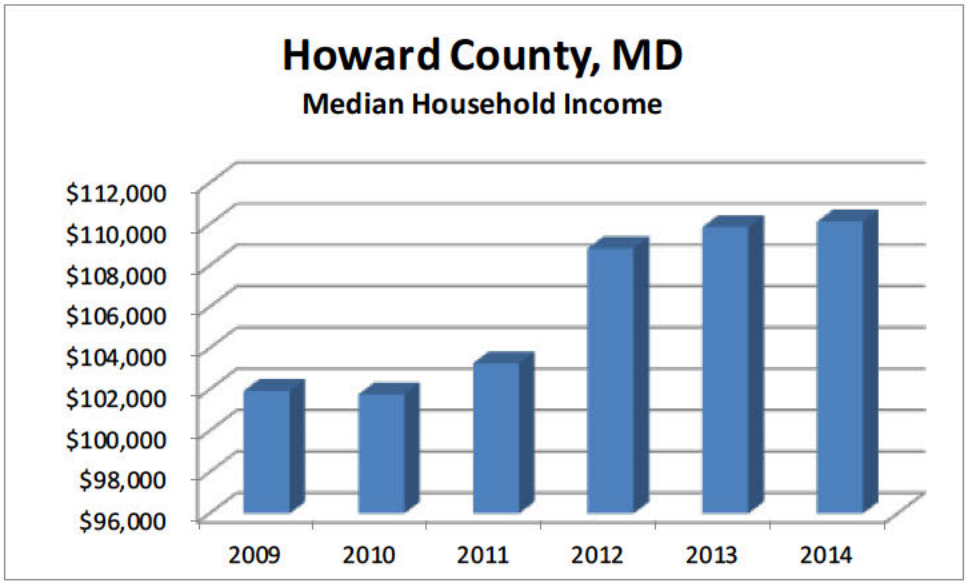
Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Howard County, Maryland was formed in 1851 and was named for the fifth Governor of Maryland, Colonel John Eager Howard. Under a home rule charter adopted in 1968, the County's executive functions are vested in the elected County Executive. The County Council consists of five members elected by district.

Located directly between Baltimore, Maryland and Washington, D.C. and at its closest point is less than four miles from the former and 13 miles from the latter, the County is 251 square miles in area. The County was predominantly agricultural in character until 1966, when construction

began on the planned community of Columbia. Columbia is unique for its purposeful goal to be an integrated community at a time before the Fair Housing Act of 1968 made it illegal to discriminate in housing based on race, color, national origin or religion. Howard County is home to approximately 309,284 residents based on estimates by the Maryland Department of Planning. The Howard County Library System (HCLS) was named one of the best Library Systems in North America by the Library Journal Index of Public Service in 2015. In a 2013 survey, conducted by the Center for Digital Government and the National Association of Counties, Howard County was ranked the eighth most digital county in the nation. Columbia/Ellicott City was named one of the best places to live for the fifth time in a row by Money Magazine in 2014. According to the U.S. Census Bureau's, American Community Survey, Howard County has the third highest median income in the Nation.



Source: United States Department of Commerce, Bureau of the Census, State and County QuickFacts

COMPONENT UNITS

The County government provides all the local government services as there are no incorporated cities or towns in Howard County. Services provided by the County include police, fire and rescue, sheriff, corrections, public works, planning and zoning, landfill, water and sewer, public housing, and recreation and parks. In addition to general government activities, the governing body has financial accountability for the Howard County Public School System, Howard Community College, the Howard County Public Library, and the Howard County Housing Commission. Therefore, the activities of these entities are included in this annual report. Additional information on all four of these legally separate entities can be found in Note 1A in the Notes to Basic Financial Statements. The financial activities of the Howard County Economic Development Authority, which is also a component unit of the County, are excluded due to immateriality. The Volunteer Fire Districts do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

BUDGET

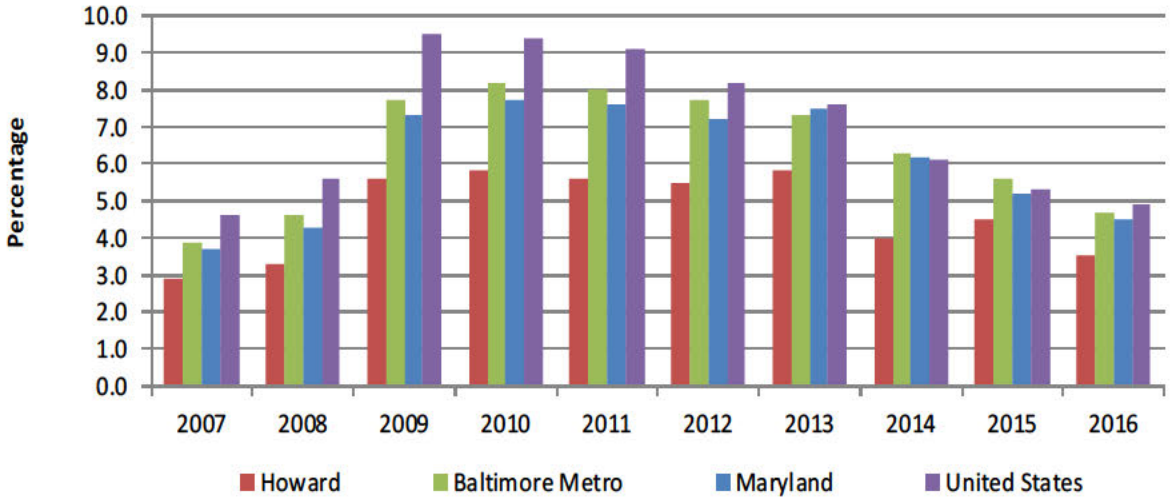
The Howard County budget is a comprehensive plan of all monies spent by County departments and agencies. As required by County law, the budget consists of the current operating expenditure and revenue budget (with five-year spending projections), the capital budget and capital program, and the budget message. The annual budget includes all revenues, all expenditures and the projected surplus or deficit in the general fund and all other funds. Funds in the operating budget include appropriations for the following functional areas: education, public safety, public works, community services, general government, legislative and judicial, and capital, debt and reserves. The capital budget includes funds to construct major government facilities such as roads, bridges, schools, libraries, water and sewer infrastructure and fire stations. Capital projects usually take more than a year to complete, unlike the operating budget which covers only one year.

The budget process begins each fall when the County Executive appoints a Spending Affordability Advisory Committee to establish guidelines for determining debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in late January or early February. After a public process that involves two public hearings and a thorough review of departmental requests, the County Executive submits proposed capital and operating budgets to the County Council by April 1 and 21, respectively. The County Council then conducts a series of public hearings and work sessions in April and May to review the Executive's proposed budget. The County Council cannot change the form of the budget as submitted by the Executive to alter the revenue estimates or to increase any expenditure recommended by the Executive for current or capital purposes unless expressly provided for in State law or to correct mathematical errors. The County Council can reduce the Executive's budget, but not increase it, except in the case of the Department of Education School Board's budget. The County Council may restore funds back to the level requested by the School Board. After its review, the County Council finalizes the entire budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The Annual Budget must be adopted by the County Council by the first day of the last month of the current fiscal year. Expenditure authority for the operating budget is at the fund and department level in major categories, including personnel costs, various operating expenses and capital cost Appropriations in the capital budget are determined at the project level on an annual basis.

Once the budget is approved, the County Council can only amend it at the request of the County Executive. The operating budget is amended during the year through the use of supplemental budget appropriation ordinances (SAOs). The County Executive may request at any time during the fiscal year, the approval of an SAO by transferring funds from the County's budgeted contingency reserves. The capital budget may be amended through the use of Transfer Appropriation Ordinances (TAOs). The County Executive may request, at any time during the fiscal year that a TAO be approved by transferring funds from one capital project to another. At no time may the bottom line of the capital budget be increased. The County maintains an encumbrance system for budgetary control. All unencumbered appropriations of the operating budget lapse at year-end. Unencumbered capital appropriations continue until the specific capital project is closed.

ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore. Employment is expected to remain stable and the unemployment rate is expected to remain below the state (4.5%) and national (4.9%) levels as evidenced by the June 2016 rate of 3.5%. The unemployment rate has continued to decline to nearly pre-recession levels.



Source: Maryland Department of Labor, Licensing and Regulation

LOCAL ECONOMY

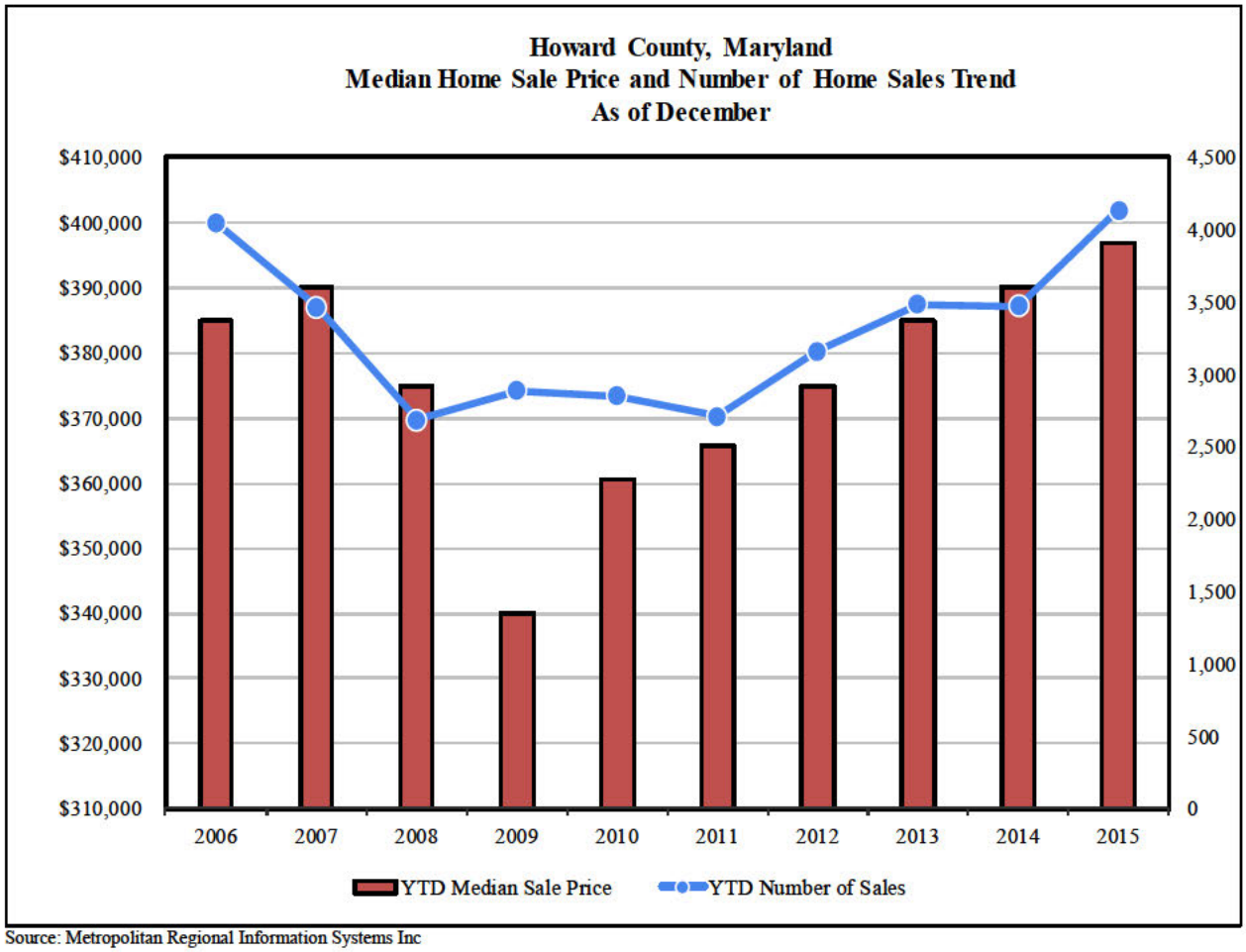
Howard County's ideal geographic location is a major factor in the substantial economic growth across a wide variety of industry sectors. According to the Maryland Department of Labor Licensing and Regulation, over 9,991 businesses in Howard County employ 165,038 workers in industries such as information technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing, agriculture and in multinational corporations. The service sector is the largest industry in the County, employing 87% of the workforce. In the service industry, government contracts support cybersecurity and information technology programs and will continue to do so with the growth projected at Fort George Meade, which is less than two miles outside the County border. Although BRAC (Base Realignment and Closure) officially ended in 2011, projections indicate that the on-base workforce could grow to a total of 64,000 by 2020. Based on the current trend, this would result in an additional 20,000 private sector government contractor positions to support this growth.

Commercial real estate vacancy rates continue to decline and the average remains below 9% for flex, retail, industrial, and office space as reported by Costar. The year-to-date average vacancy rate for 2016 is 7.4%. FY 2016 property tax collections increased 4.8% above the previous fiscal year. In its FY 2017 budget, Howard County projects a modest increase in property tax collections. One-third of property in the County is assessed each year, with increases in assessed

values phased in over 3 years. This triennial assessment of property, the phasing in of assessment increases, and the County's 5% Homestead Property Tax Credit rate help to stabilize the tax base and tax revenues.

Local income tax is the County's other main revenue source. Income tax collection increased by 4.8% when compared to the actual for FY 2015. The FY 2017 projection for income tax collections represents a 5.7% increase from what was budgeted in FY 2016.

The decline in the real estate market that began in FY 2006 has begun to stabilize in the County and the revenues related to housing activity increased in FY 2016. Recordation tax, a leading indicator of the health of the local real estate market, continues to fluctuate and remains 14.2% below the FY 2006 level. FY 2016 revenue from recordation tax increased 12.5% from the previous fiscal year. The FY 2017 budget projects a 10.3% increase in recordation tax collections compared to FY 2016. The demand for real estate remains strong, especially in the residential resale market, where the average days on market remained decreasing from 64 to 58 days between December 2015 and August 2016.



Source: Metropolitan Regional Information Systems Inc

Another indicator of the slow recovery from the recession is the Federal Reserve's maintenance of the Federal Funds Rate, at low levels, which limits investment income. Revenue from this source increased 90.6% in FY 2016 yet remains 78% or $21 million below FY 2008 revenue.

As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2016.

Looking forward, overall economic performance is expected to improve slightly in FY 2017**.** The adopted budget projects the FY 2017 gross assessable base of Howard County will increase by 3.5% from FY 2016. Due to decreasing Homestead Tax Credits, the net taxable assessment will increase by approximately 5.8%. This is because the Homestead Tax Credit limits taxable increases on homeowner occupied properties to 5% per year, and most residential properties have fully phased in the pre-2006 housing market increases. Approximately 29% of homeowner occupied properties in Howard County received this credit in FY 2016.

MAJOR INITIATIVES

The County will continue the strong fiscal management policies which have led to Triple-A ratings from all three credit rating agencies. The County will take advantage of opportunities to expand the diverse local economy created by the location of the U.S. Cyber Command at nearby Fort Meade through the new Maryland Center for Entrepreneurship, operated by the Howard County Economic Development Authority. In order to maintain our highly educated workforce, the County continues to invest in our top-ranked school system. Recognizing our responsibility to the environment and the health of the Chesapeake Bay, the County has created a program to create partnerships with residents, businesses, and institutions to address storm water pollution on a County-wide basis.

LONG TERM FINANCIAL PLANNING

Rainy Day Fund

County voters approved an amendment to the County Charter to establish a budget stabilization account, also known as a Rainy Day Fund, to provide a financial safety net for the County effective December 3, 1992. The amendment requires all surplus funds in the County be placed in this fund until it reaches 7% of the prior year's audited expenditures. The funds may be used if an emergency exists pursuant to the County Charter, or if the County Executive determines that actual revenues will be substantially below the revenues budgeted and reasonable expenditure reduction will not offset the anticipated loss. See Note 1P in the Notes to Basic Financial Statements for a discussion of the status of the Rainy Day Fund. The Rainy Day Fund's balance is currently at the target level.

Capital Projects and Debt Administration

The County funds its capital programs based on the requirements of the General Plan and supporting master plans for schools, recreation and parks, human services, water and sewer, solid waste, libraries, fire stations and public facilities.

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. Bonds issued by the County mature over a term that does not exceed the economic life of the improvements that they finance.

The County consolidates general County improvements into Consolidated Public Improvement bonds with a term of up to 20 years and water and sewer improvements into Metropolitan District Bonds with a term of up to 30 years. Debt obligations are generally issued through a competitive sale. However, the County has the option to use a negotiated sale process when it will provide significant savings and/or if the terms of the offering are sufficiently complex that a competitive sale may not be financially prudent.

Spending Affordability Advisory Committee

The Spending Affordability Advisory Committee was established by Executive Order in 1987 to provide recommendations and projections for the upcoming budget year. Specifically, the Committee is charged to review in detail the status and projections of revenues and expenditures for the County for the next budget year and subsequent five years; to evaluate future County revenue levels and consider the impact of economic indicators such as changes in residential personal income and assessable base growth; and to evaluate expenditure levels with consideration of County long-term obligations and the best way to pay for them.

The Committee recommends revenue projections and the amount of new County debt authorization for the upcoming fiscal year. The Committee report includes the effect its recommendations will have on future budgets. This Committee also assesses the County's ability to repay bond debt and issues an annual report defining debt capacity of the County.

FINANCIAL POLICIES

The financial policies and management practices of Howard County were recognized by all three major rating agencies with a continued Triple-A credit rating, the highest possible rating.

Debt Management Policy

The County adopted an updated debt management policy on October 7, 2009 that establishes the processes employed to manage its debt. The policy sets the parameters for issuing debt and managing outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. By establishing a debt policy, the County has recognized the binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that credit quality is protected.

Investment Policy

The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. Investment activities are governed by State laws. Accordingly, the County invests in: certificates of deposit (Maryland State banks only); repurchase agreements; banker's acceptances; commercial paper; U.S. Government and Federal agency obligations; Treasury and other government mutual funds; and the State of Maryland investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy.

The investment policies for the two Howard County retirement plans establish asset allocation targets, investment manager selection, and investment performance guidelines.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 40th consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2015. This was the 22nd consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

A very special thank you to Charisse Antonio, Salomey Awuku, Lori Buchman, Zsatina Boris, Dawit Gebregiorgis, Verda Hall, Sean Hollywood, Rafiu Ighile, Anne Keyes, Sherrea Lassiter, Marquia Lewis, Marvin Miller, Angela Moore, Diamond Okojie, Angela Price, Sima Taghavi, Thomas Wall, and Mimi Xu, for their efforts in preparing and publishing this document. Credit also must be given to the County Executive and the County Council for their unwavering support for maintaining the highest standards of professionalism in the management of Howard County's finances.

Respectfully submitted,



Stanley J. Milesky
Director of Finance

OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA
County Auditor

November 30, 2016

CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Allan Kittleman
County Executive

Honorable Members of the County Council

Calvin Ball, Chairperson
Jon Weinstein, Vice Chairperson
Greg Fox
Mary Kay Sigaty
Jennifer Terrasa

Article II, Section 212 of the Howard County Charter, requires that a complete audit of all offices, departments, institutions, boards, commissions, corporations, courts, and other agencies of the County Government be prepared for the preceding fiscal year, and submitted to the County Council and to the County Executive, no later than November 30th of each year.

The independent certified public accounting firm of CohnReznick LLP has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212 of the Howard County Charter have been satisfied for the fiscal year ended June 30, 2016. Also, in accordance with the Charter Amendment approved by the voters of Howard County, I will make copies of this report available to the public at the County Auditor's Office and at the Howard County public libraries.

Respectfully submitted,

Craig Glendenning, CPA
County Auditor



Office of Aging and Independence

Designated "Area Agency of Aging" for Howard County, the Department of Community Resources and Services' Office of Aging and Independence is responsible for planning, advocating, developing and coordinating programs and services for older adults, people with disabilities and their family members or care partners. To further assist this population, in June of 2016, the Office officially reopened the Loan Closet of Howard County providing residents greater access to free, donated medical and therapeutic equipment such as canes, walkers and wheelchairs.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Howard County Maryland

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

Financial Section

- Basic Financial Statements
- Notes to Financial Statements
- Combining and Individual Fund Statements and Schedules

Independent Auditor's Report

To the County Council
Howard County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Howard County Public School System, Howard Community College, or the Howard County Housing Commission, which represent 99.6 percent, 99.7 percent and 98.1 percent, of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Howard County Public School System, Howard Community College and the Howard County Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Agricultural Land Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, supplemental schedules of Changes in the County's Net Pension Liability and Related Ratios and Schedule of County Contributions for both the Howard County Retirement Plan and Howard County Police and Fire Employees' Retirement Plan, and the schedules of funding progress and employer contributions for the Other Post Employment Benefit Trust ("OPEB") on pages 3-13 and 77-81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Howard County, Maryland's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital assets schedules, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and long-term debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and long-term debt schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of Howard County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Howard County, Maryland's internal control over financial reporting and compliance.



Baltimore, Maryland
November 30, 2016

Management's Discussion and Analysis

As management of Howard County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal (found on pages iii to x of this report). The discussion focuses on the County's primary government and, unless otherwise noted, does not include component units reported separately from the primary government.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $482.4 million. That amount is net of a $852.6 million unrestricted deficit. The unrestricted deficit occurs because the County issues debt to fund construction costs for the Public School System and the Community College, two of its component units, but does not own the corresponding assets. Debt outstanding for education projects is $465.6 million and for college projects is $79.4 million. Public School System ownership of buildings transfers to the County if the assets are no longer needed for educational purposes. The current net value of the Public School System's buildings and improvements and construction in progress is $1.13 billion.

- The $4.3 million increase in the government's total net position is primarily due to an increase of $48.3 million in total general revenues, an increase of $6.2 million in governmental activities capital grants and contributions, offset by an increase of $48.7 million in the County's funding of education expenses (Public School System 3.8% and Community College 52.3%).

- The County's property tax revenues increased this year by $26.7 million, or 4.8%, due to rising property values.

- Approximately 49.2% of the total governmental fund balance, $114.2 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and is properly designated as committed, assigned and unassigned. Available fund balance for the General Fund is $129.8 million, or 12.7% of total General Fund expenditures.

- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of $232.1 million, a decrease of about $24.7 million in comparison with the prior year. Specifically, the fund balance of the General Fund increased by $31.7 million due to an increase in income tax revenues. This was offset by a decrease of $55.7 million in the General Capital Projects Fund due to timing differences associated with bonds and grants revenues.

- The reserve for the budget stabilization account balance is $64.2 million, an increase of $2.9 million or 6.3% of fiscal year 2016 General Fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2014 expenditures). We have reached that target and assigned $6.1 million for subsequent years' budget stabilization. The County is committed to meeting this mandated target in future years.

- The County's total long-term debt increased by $30.5 million (2.1%) during the current fiscal year. The major factors in this increase were the issuance of $97.8 million in Consolidated Public Improvement (CPI) Project Bonds, and $26.2 million in Metropolitan (Metro) District Project Bonds. The County refunded $22.9 million in CPI bonds and $4.7 million in Metro bonds and retired $63.4, $9.5 and $3.2 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired $461,000 of Special Facility Revenue bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Howard County, Maryland's basic financial statements that include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The two government-wide statements are on a full accrual accounting basis, including the elimination and/or reclassification of internal activities.

The first government-wide statement is the *Statement of Net Position*. This is the Countywide position presenting information that includes all County assets and deferred outflows of resources and County liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which presents information showing how the government's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or disbursed. An important purpose of the Statement of Activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works (roads, trash collection and disposal, planning and zoning, inspections and permits), legislative and judicial, education, community services (health, housing, aging, and consumer protection), recreation and parks and state highways. The business-type activities of the County include the operations of water and sewer services, watershed restoration and protection services, broadband services, and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

The government-wide financial statements include not only the County, the *primary government*, but also a legally separate school system, community college, library system, and housing commission for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are located on pages 15-16 of this report.

Fund financial statements. A *fund* is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. State and local governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregate presentation. Individual fund data for non-major funds is provided in the form of combining statements in a latter section of this report.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the focus is very different with fund statements focusing on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the government-wide focus includes the long-term view and the fund focus includes the short-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures,

and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *government-wide activities.*

The County maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, agricultural land preservation, and general capital projects funds, all of which are major funds. Data from the other fifteen non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its non-capital governmental funds. Budgetary comparison statements are provided for the general and agricultural land preservation funds to demonstrate compliance with this budget. Budgetary statements for non-major special revenue and debt service funds are provided in the combining section of this report.

The basic governmental fund financial statements are located on pages 17-22 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer infrastructure and operations, its watershed restoration and protection services, its broadband services, and for the operations of its public golf course. Internal service funds are an accounting structure used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, technology and communication systems, risk management self-insurance program, and employee benefits self-insurance. Because the internal service funds' services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide both long- and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is a major fund of the County, and combined fund information for the watershed restoration and protection services, broadband services, and golf course operations, which are all non-major funds of the County. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements are located on pages 23-25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements are located on pages 26-27 of this report.

The component unit financial statements are located on pages 28-29 of this report.

Notes to basic financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements are located immediately after the Basic Financial Statements on pages 31-76.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information is located on pages 77-81 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required

supplementary information on pensions and are considered to be supplementary information. Combining and individual fund statements and schedules start on page 83 of this report.

Detailed capital asset schedules for governmental and proprietary funds are located on pages 121-123. Schedules providing additional long-term debt detail start on page 125. The Statistical Section begins on page 131.

Government-Wide Financial Analysis

Over time, changes in net position serve as a useful indicator of a government's financial position. Howard County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $482.4 million at the close of the most recent fiscal year.

The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire or construct those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Public School System. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Howard Community College and for intersection improvements to state-owned roads. As of June 30, 2016, debt outstanding for education projects is $465.6 million and for college projects is $79.4 million. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted governmental activities' net position of $991.2 million reflects the imbalance of liabilities without corresponding assets as well as the governmental activities' portion of the County's Net OPEB Obligation of $409.3 million and net pension liability of $146.0 million.

An additional portion of the County's net position ($152.1 million or 31.5%) represents resources subject to external restrictions on their usage.

Summary of Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 453,568,262	413,457,438	256,475,581	229,953,008	710,043,843	643,410,446
Capital assets	1,314,162,642	1,278,485,133	661,604,557	650,091,872	1,975,767,199	1,928,577,005
Total assets	1,767,730,904	1,691,942,571	918,080,138	880,044,880	2,685,811,042	2,571,987,451
Deferred outflows of resources	70,118,097	60,507,064	1,628,363	1,902,096	71,746,460	62,409,160
Total assets and deferred outflows	1,837,849,001	1,752,449,635	919,708,501	881,946,976	2,757,557,502	2,634,396,611
Long-term liabilities outstanding	1,822,644,912	1,732,641,789	292,340,866	282,322,655	2,114,985,778	2,014,964,444
Other liabilities	117,617,595	68,915,727	24,576,406	19,209,628	142,194,001	88,125,355
Total liabilities	1,940,262,507	1,801,557,516	316,917,272	301,532,283	2,257,179,779	2,103,089,799
Deferred inflows of resources	6,769,119	39,090,522	11,251,381	14,142,576	18,020,500	53,233,098
Total liabilities and deferred inflows	1,947,031,626	1,840,648,038	328,168,653	315,674,859	2,275,200,279	2,156,322,897
Net position:						
Net investment in capital assets	772,350,290	754,407,588	410,561,263	410,168,067	1,182,911,553	1,164,575,655
Restricted	109,620,128	100,314,009	42,470,585	48,241,852	152,090,713	148,555,861
Unrestricted	(991,153,043)	(942,920,000)	138,508,000	107,862,198	(852,645,043)	(835,057,802)
Total net position	**$ (109,182,625)**	**(88,198,403)**	**591,539,848**	**566,272,117**	**482,357,223**	**478,073,714**

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net position for the government as a whole, as well as for its separate governmental activities. Business-type activities show positive balances in all three categories.

Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	$ 124,100,327	$131,344,856	79,222,901	78,262,419	203,323,228	209,607,275
Operating grants and contributions	40,094,831	39,108,209	31,339,509	30,010,057	71,434,340	69,118,266
Capital grants and contributions	27,792,294	21,596,604	14,728,750	40,854,015	42,521,044	62,450,619
General revenues						
Property taxes	586,123,532	559,405,539	-	-	586,123,532	559,405,539
Local income taxes	431,743,893	412,674,188	-	-	431,743,893	412,674,188
Other taxes	72,656,951	68,300,957	-	-	72,656,951	68,300,957
Other	10,238,528	5,364,462	4,628,154	11,351,790	14,866,682	16,716,252
Total revenues	**1,292,750,356**	**1,237,794,815**	**129,919,314**	**160,478,281**	**1,422,669,670**	**1,398,273,096**
Expenses						
General government	66,234,421	75,558,318	-	-	66,234,421	75,558,318
Public safety	207,170,029	208,298,711	-	-	207,170,029	208,298,711
Public works	156,707,838	179,349,488	-	-	156,707,838	179,349,488
Recreation and parks	42,880,875	37,193,427	-	-	42,880,875	37,193,427
Legislative and judicial	26,070,345	27,110,955	-	-	26,070,345	27,110,955
Community services	45,928,376	48,650,488	-	-	45,928,376	48,650,488
State highways	3,341,087	763,353	-	-	3,341,087	763,353
Education	717,742,080	669,067,653	-	-	717,742,080	669,067,653
Interest on long-term debt	49,977,613	43,648,543	-	-	49,977,613	43,648,543
Water & Sewer	-	-	95,781,698	97,764,211	95,781,698	97,764,211
Other	-	-	6,551,799	5,977,330	6,551,799	5,977,330
Total expenses	**1,316,052,664**	**1,289,640,936**	**102,333,497**	**103,741,541**	**1,418,386,161**	**1,393,382,477**
Increase (decrease) in net position	(23,302,308)	(51,846,121)	27,585,817	56,736,740	4,283,509	4,890,619
Transfers	2,318,086	3,696,843	(2,318,086)	(3,696,843)	-	-
Increase (decrease) in net position	(20,984,222)	(48,149,278)	25,267,731	53,039,897	4,283,509	4,890,619
Net position beginning	**(88,198,403)**	**36,049,061**	**566,272,117**	**515,183,757**	**478,073,714**	**551,232,818**
Adjustment to restate net assets	-	(76,098,186)	-	(1,951,537)	-	(78,049,723)
Net position ending	**$ (109,182,625)**	**(88,198,403)**	**591,539,848**	**566,272,117**	**482,357,223**	**478,073,714**

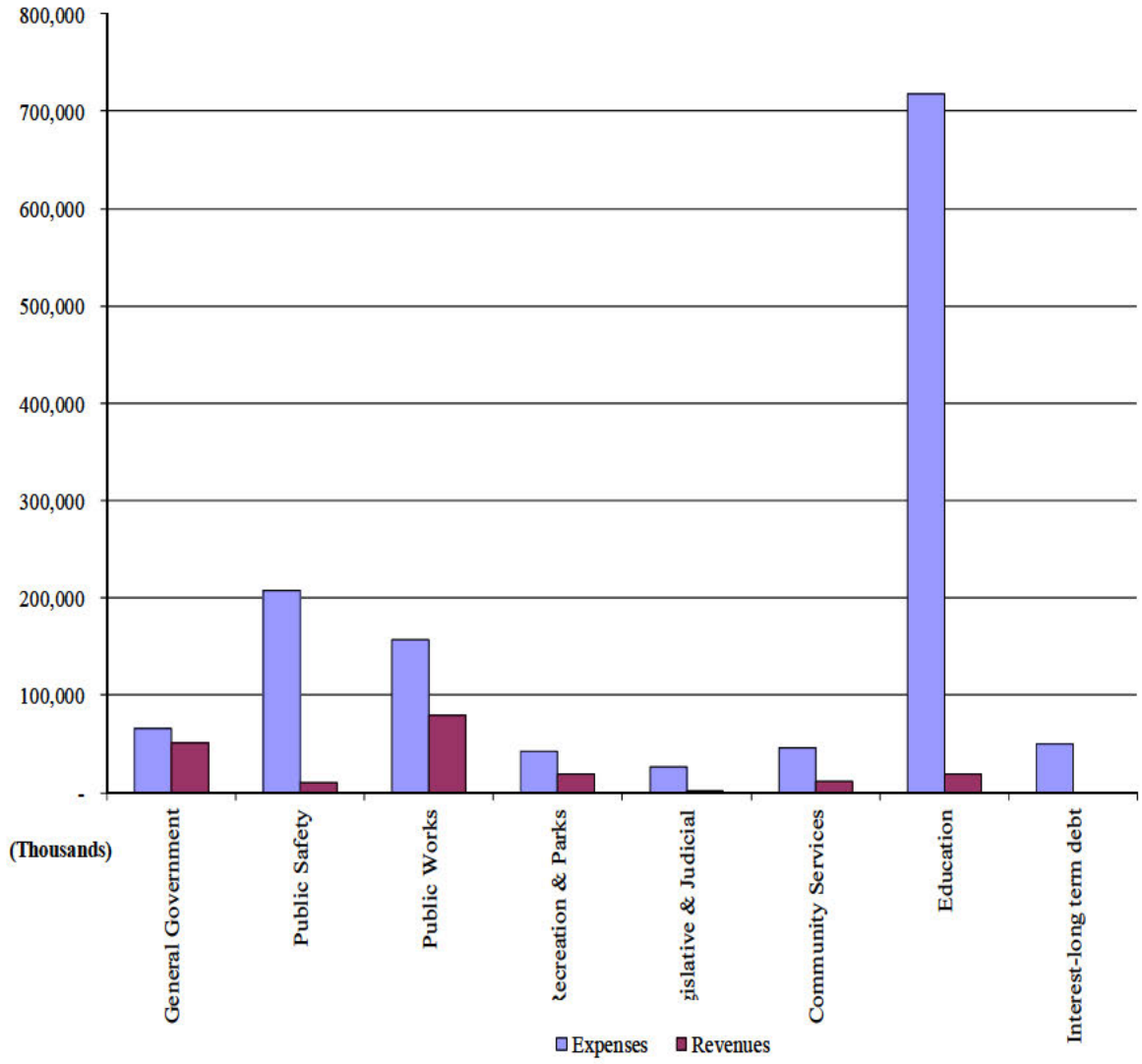
Governmental activities. Governmental activities decreased the County's net position by $21.0 million. Key elements of this decrease are as follows:

- Expenses increased by $28.4 million and $37.7 million for additional Net OPEB obligation and net pension liability, respectively.
- Education expenses increased by $48.7 million; $23.3 million for the Public School System, $23.5 million for the Community College, and $1.9 million for the Library.
- General government expenses decreased by $9.3 million due to completion of the Marc Savage Station garage construction which is non-County owned.

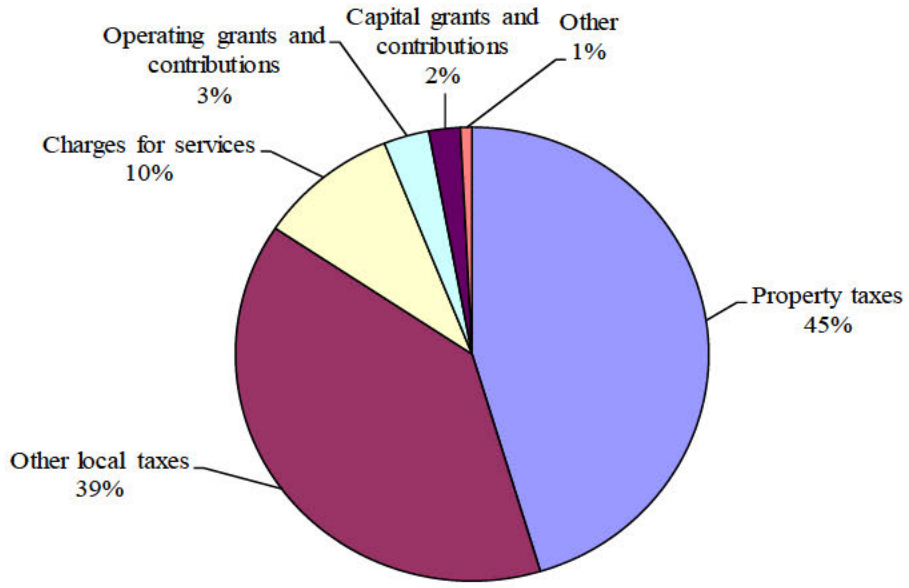
- Public works expenses decreased by $22.6 million largely due to a decrease in road resurfacing projects because no pay-as-you-go funding was allocated in the fiscal year 2016 budget.

- Property tax revenues increased by $26.7 million due to rising property values.
- Income tax revenues increased by $19.1 million due to the continued recovery of the job market.
- Recordation tax revenues increased by $2.7 million due to the recovering housing market.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

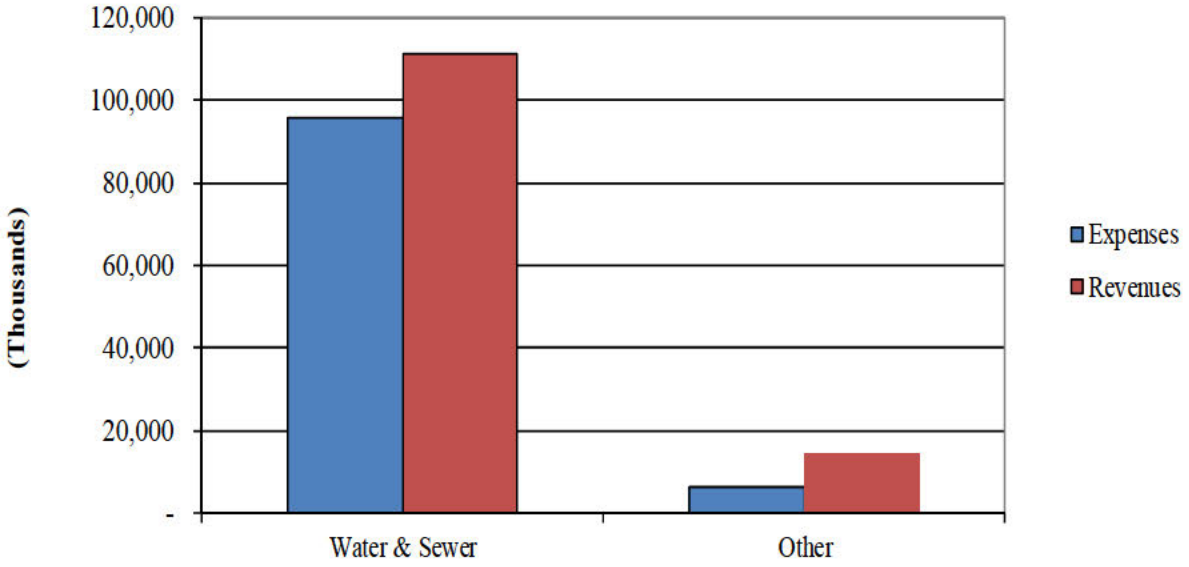


Business-type activities. Business-type activities increased the County's net position by $25.3 million. The components of this increase are as follows:

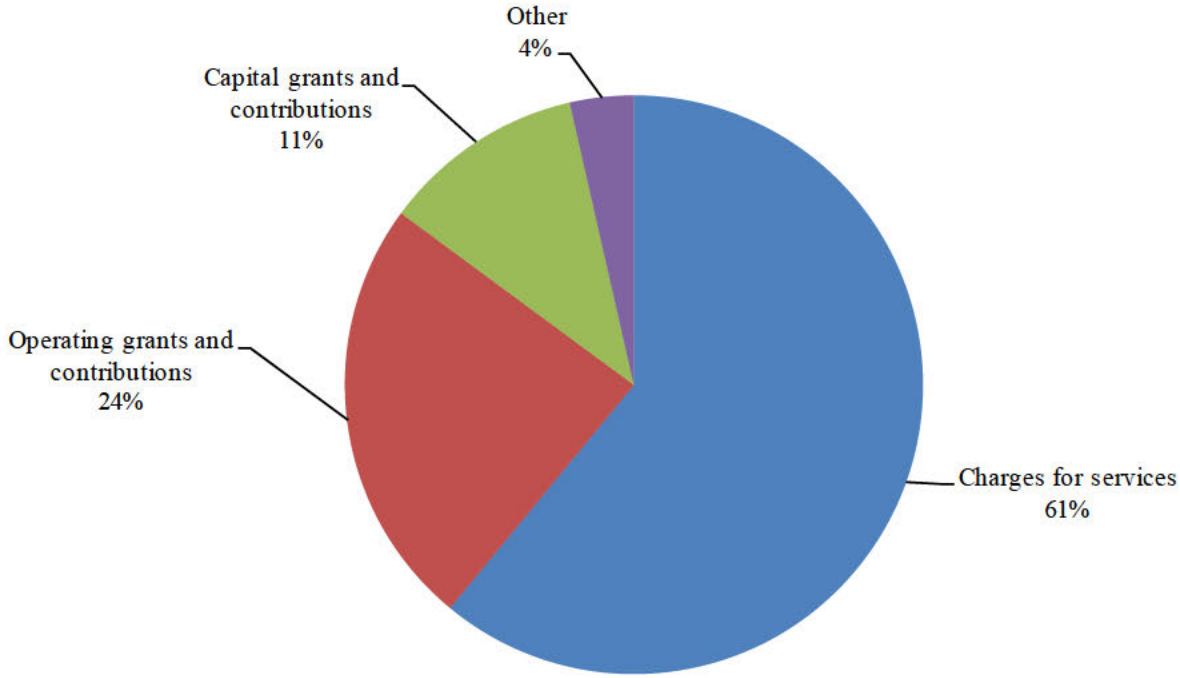
- Charges for services increased by $1.0 million due to an increase in water and sewer consumption.
- Operating grants and contributions, which totaled $31.3 million, represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is used primarily to fund debt service payments and pay-as-you-go funding on capital projects.
- $14.7 million was received in capital contributions. This revenue includes the value of water and sewer lines constructed by developers and donated at no cost to the County. The County pays for additional water and sewer lines built by developers through a rebate process. Capital contributions also include front foot revenues assessed to properties connected to the water and sewer system. These front foot revenues fund the debt issued to pay developer rebates. Effective July 1, 2004, the County has not entered into any new rebate contracts. Developers pay for those improvements and are still required to donate the assets to the County. Overall, capital grants and contributions decreased by $26.1 million from fiscal year 2015 largely due to completion of the Fort Meade project.

Business-type activities are shown comparing costs to revenues generated by related services. Both water and sewer and other activities, consisting of Golf Course, Broadband Services, and Watershed Protection and Restoration, are self-supporting.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Howard County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $232.1 million, a decrease of $24.7 million in comparison with the prior year. Of this fund balance, $8.3 million is nonspendable, $109.6 million is restricted by enabling legislation, $110.9 million is committed by the County, at the highest level of authority, $116.9 million is assigned by management , and ($113.6) million is deficit unassigned fund balance.

The general fund is the chief operating fund of the County. At fiscal year-end, the total General Fund fund balance is $139.4 million, $31.7 million or 29.4% more than the prior year primarily due to increases in property and income tax revenues.

The $69.7 million total fund balance of the Agricultural Land Preservation Fund is a $1.2 million increase from the prior year. The increase is the result of an increase in the market value of United States Treasury Strips investments.

The general capital projects fund is used to track the construction of general county buildings, as well as schools and other buildings for the community college. The fund balance is a ($87.7) million deficit. This is a timing issue due to capital project expenditures occurring before revenues from grants and bonds are recognized.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

All assets in the Water and Sewer Proprietary Fund, except those available to fund current liabilities, are considered restricted because a change in the County charter is required to allow these assets to be used for other purposes. Net position of the water and sewer operations at fiscal year-end was $558.0 million. Net position of the Water and Sewer Proprietary Fund increased $19.3 million due to the receipt of ad valorem fees and capital contributions.

General Fund Budgetary Highlights

The original general fund expenditure and revenue budgets were increased by $340,000 during the current fiscal year to use certain cost savings that were in an amount greater than revenue shortfall realized during fiscal year 2015.

The County spent $4.1 million less than the budget as the County departments exercised caution with spending at the beginning of the fiscal year due to uncertainty around income tax revenue, which overall came in higher than anticipated. The most significant function that shows a favorable variance of budget versus actual expenditures and encumbrances is community services with a $1.8 million variance. This is mostly attributed to the Health Department, which was previously reported as a Special Revenue fund but has been combined with the General Fund for the current fiscal year, underspending its budget.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2016 is $2.0 billion (net of accumulated depreciation). Capital assets include land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and stormwater management systems. The total increase in the County's investment in capital assets for the current fiscal year was 2.4% (a 2.8% increase for governmental activities and a 1.8% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- $14.4 million for completion of Phase B of Dorsey Run Road

- $10.1 million for energy savings improvements to County-owned facilities
- $7.7 million for improvements to the North Laurel Pumping Wastewater Station
- $6.4 million for improvements to Blandair Regional Park
- $5.2 million for purchase of agricultural land preservation easements
- $2.8 million for improvements to the water main near US 29 and Broken Land Parkway
- $1.8 million for the renovations to Elkridge Library

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land and land improvements	$ 567,582,729	$561,210,188	11,400,278	11,400,277	578,983,007	572,610,465
Buildings	258,406,517	262,587,231	159,328,764	162,339,091	417,735,281	424,926,322
Improvements other than buildings	117,429,953	110,960,984	34,622,449	30,938,418	152,052,402	141,899,402
Equipment	267,506,870	57,539,433	426,662,760	9,077,414	694,169,630	66,616,847
Infrastructure	57,241,995	235,572,409	10,045,507	410,214,378	67,287,502	645,786,787
Construction in progress	45,994,578	50,614,888	19,544,799	26,122,294	65,539,377	76,737,182
Total capital assets	**$1,314,162,642**	**1,278,485,133**	**661,604,557**	**650,091,872**	**1,975,767,199**	**1,928,577,005**

Additional information on the County's capital assets are located in Note 6 on pages 51 – 52 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of $1.5 billion. Of this amount, $1.1 billion comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	$ 1,050,289,405	$1,035,280,459	252,024,295	238,963,476	1,302,313,700	1,274,243,935
State water quality loan	-	2,475,000	24,507,572	27,678,601	24,507,572	30,153,601
Tax increment financing bonds	17,000,000	17,000,000	-	-	17,000,000	17,000,000
Agricultural land preservation program	98,661,239	96,626,177	-	-	98,661,239	96,626,177
Special facility revenue bonds	-	-	3,672,000	4,133,000	3,672,000	4,133,000
Other	24,873,547	17,893,604	986,019	1,461,969	25,859,566	19,355,573
Total outstanding debt	**$ 1,190,824,191**	**1,169,275,240**	**281,189,886**	**272,237,046**	**1,472,014,077**	**1,441,512,286**

The County's total long-term debt increased by $30.5 million (2.1%) during the current fiscal year. The major factors in this increase were the issuance of $97.8 million in Consolidated Public Improvement (CPI) Project Bonds and $26.2 million in Metropolitan (Metro) District Project Bonds. The County refunded $22.9 million in CPI bonds and $4.7 million in Metro bonds and retired $63.4, $9.5, and $3.2 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired $461,000 of Special Facility Revenue bonds. The County maintains an "AAA" rating from both Standard & Poor's and Fitch Ratings, and an "Aaa" rating from Moody's Investors Service for general obligation debt.

Local statutes limit the amount of general obligation debt a governmental entity may issue to 4.8% of its total assessed valuation. The current debt limitation for the County is $2.3 billion, which is significantly more than the County's outstanding general obligation debt at fiscal year-end.

Additional information on the County's long-term debt is located in Note 7 starting on page 53 of this report.

Economic Factors and Next Year's Budgets and Rates

Howard County has a relatively low unemployment rate as evidenced by the following:

- The June 2016 unemployment rate for the County was 3.5%, the lowest it has been since 2008. This compares favorably to the state's unemployment rate of 4.5% and the national rate of 4.9% for the same period.

- The occupancy rate for commercial space as of June 2016 was 92.8%, up from 92.3% a year ago. Howard County had an increase of 750,363 total rentable building area (RBA) during this fiscal year.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2017 fiscal year.

The fiscal year 2017 general fund budget is $48.3 million or 4.8% more than the fiscal year 2016 budget. This increase is the result of a $20.2 million increase in funding of education, $6.2 million increase for public safety, $4.4 million increase for pay-as-you-go funding on capital projects, and $3.0 million increase in funding for the OPEB Trust.

The County's property tax and income tax rates remained the same for fiscal year 2017. There were also no changes to the Building Excise Tax (used to fund road expansion), Water and Sewer charges, annual refuse and recycling fees or the water and sewer ad valorem.

Currently Known Facts, Decisions and Conditions

The County is anticipating a modest surplus in fiscal year 2017, with income tax receipts up 11.3% through October 2016 compared to fiscal year 2016 in the same period. All other major revenue sources are on budget for fiscal year 2016.

Requests for Information

This financial report is designed to provide a general overview of Howard County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to the Department of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043 (410) 313-2195 or e-mailed to smilesky@howardcountymd.gov. Complete financial reports are also available on our website: www.howardcountymd.gov.



Howard County Department of Recreation & Parks Maintenance Crew

Comprised of over 1,200 full- and part-time staff members committed to enhancing the quality of life for all who live, work and play in Howard County, the Department of Recreation & Parks is responsible for the stewardship of 9,159 acres of public lands, the maintenance and operation of more than 50 parks and operating 7,000 recreation programs. The department continuously strives to deliver recreation and leisure opportunities that will improve the health and well-being of the community and to serve as model stewards of the environment by managing, protecting and conserving our resources for a sustainable future.

Basic Financial Statements

Government-wide financial statements combine all of Howard County's governmental and business-type activities, as well as its discretely presented component units.

Fund financial statements show the financial position and the operating results by fund.

Howard County, Maryland
Statement of Net Position
June 30, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalent and equity in pooled cash and cash equivalents	$ 232,470,602	24,317,612	256,788,214	91,301,888
Cash and securities with fiscal agents	2,492,467	-	2,492,467	-
Investments	55,844,522	-	55,844,522	55,786,547
Receivables:				
Property taxes, net	3,357,244	257,891	3,615,135	-
Due from other governments	100,180,970	101,856	100,282,826	35,307,763
Service billings	-	12,219,060	12,219,060	-
Due from component units	35,501,279	-	35,501,279	-
Other	15,865,232	13,605	15,878,837	4,794,552
Materials and supplies	2,282,310	867,472	3,149,782	1,232,781
Prepaids	5,182	-	5,182	1,789,158
Restricted assets:				
Cash and cash equivalent and equity in pooled cash and cash equivalents	-	174,414,613	174,414,613	26,294,665
Water & sewer assessments receivable	-	5,164,029	5,164,029	-
Other receivables	-	-	-	6,267,860
Internal balances	(2,092,887)	2,092,887	-	-
Other non-current receivables	7,661,341	-	7,661,341	-
Capital assets:				
Land and land improvements	567,582,729	11,400,278	578,983,007	92,927,085
Construction in progress	45,994,578	19,544,799	65,539,377	280,323,079
Buildings and improvements, net	375,836,470	193,951,213	569,787,683	1,165,545,950
Machinery and equipment, net	57,241,995	10,045,507	67,287,502	19,731,569
Infrastructure, net	267,506,870	426,662,760	694,169,630	-
Other capital assets	-	-	-	3,070,838
Other non-current assets	-	37,026,556	37,026,556	12,684,570
Total assets	1,767,730,904	918,080,138	2,685,811,042	1,797,058,305
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	2,642,133	184,310	2,826,443	-
Changes in actuarial assumptions for pensions	33,701,965	517,511	34,219,476	10,396,461
Difference between expected and actual experience	-	-	-	20,376
Difference between projected and actual earnings on pension plan investments	-	-	-	83,577
Pension contributions made subsequent to measurement date	33,773,999	926,542	34,700,541	4,621,629
Derivative instruments - interest rate swap	-	-	-	465,991
Total deferred outflows of resources	70,118,097	1,628,363	71,746,460	15,588,034
Total assets and deferred outflows of resources	1,837,849,001	919,708,501	2,757,557,502	1,812,646,339
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	29,785,360	11,529,114	41,314,474	104,787,114
Accrued interest payable	17,280,025	3,619,179	20,899,204	-
Accrued wages and benefits	14,801,463	661,715	15,463,178	2,378,180
Deposits	5,881,766	1,667,303	7,549,069	559,627
Short-term loans and notes payable	43,106,969	6,393,031	49,500,000	-
Due to primary government	-	-	-	35,501,279
Unearned revenues	6,762,012	706,064	7,468,076	16,416,546
Noncurrent liabilities:				
Due within one year	83,141,072	14,087,765	97,228,837	10,840,220
Due in more than one year, net	1,739,503,840	278,253,101	2,017,756,941	223,874,491
Total liabilities	1,940,262,507	316,917,272	2,257,179,779	394,357,457
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	239,284	-	239,284	-
Deferred assessments	-	10,977,438	10,977,438	-
Changes in actuarial assumptions for pensions	657,949	50,328	708,277	10,118
Changes in actuarial experience study for pensions	3,556,293	162,115	3,718,408	85,426
Pension investment earnings greater than projected	2,315,593	61,500	2,377,093	3,715,587
Total deferred inflows of resources	6,769,119	11,251,381	18,020,500	3,811,131
Total liabilities and deferred inflows of resources	1,947,031,626	328,168,653	2,275,200,279	398,168,588
NET POSITION				
Net investment in capital assets	772,350,290	410,561,263	1,182,911,553	1,399,005,868
Restricted for:				
Business-type operations	-	-	-	4,374,158
Catalyst loan program	626,333	-	626,333	-
Economic Development Initiatives	828,618	-	828,618	-
Fire & rescue services	20,861,290	-	20,861,290	-
Forest conservation	3,523,799	-	3,523,799	-
Health department	1,972,282	-	1,972,282	-
Middle Patuxent environmental area program	31,502	-	31,502	-
Parkland watershed facilities	7,855,312	-	7,855,312	-
Open space	444,286	-	444,286	-
Program revenue	413,080	-	413,080	-
Public road facilities	57,019,046	-	57,019,046	-
Public school facilities	12,584,330	-	12,584,330	11,200,342
Speed enforcement	879,974	-	879,974	-
Storm water construction	40,949	-	40,949	-
Tax increment financing project	2,539,327	-	2,539,327	-
Debt service	-	42,470,585	42,470,585	-
Unrestricted	(991,153,043)	138,508,000	(852,645,043)	(102,617)
Total net position	$ (109,182,625)	591,539,848	482,357,223	1,414,477,751

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2016

Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 66,234,421	41,462,547	9,331,953	253,379	(15,186,542)	-	(15,186,542)	-
Public safety	207,170,029	7,133,874	2,950,549	-	(197,085,606)	-	(197,085,606)	-
Public works	156,707,838	50,419,335	21,288,068	7,718,981	(77,281,454)	-	(77,281,454)	-
Recreation and parks	42,880,875	18,231,380	248,705	680,978	(23,719,812)	-	(23,719,812)	-
Legislative and judicial	26,070,345	967,334	455,035	-	(24,647,976)	-	(24,647,976)	-
Community services	45,928,376	5,885,857	5,820,521	-	(34,221,998)	-	(34,221,998)	-
State highways	3,341,087	-	-	-	(3,341,087)	-	(3,341,087)	-
Education	717,742,080	-	-	19,138,956	(698,603,124)	-	(698,603,124)	-
Interest on long-term debt	49,977,613	-	-	-	(49,977,613)	-	(49,977,613)	-
Total governmental activities	1,316,052,664	124,100,327	40,094,831	27,792,294	(1,124,065,212)	-	(1,124,065,212)	-
Business-type activities:								
Water and sewer	95,781,698	64,965,916	31,339,509	14,728,750	-	15,252,477	15,252,477	-
Other	6,551,799	14,256,985	-	-	-	7,705,186	7,705,186	-
Total business-type activities	102,333,497	79,222,901	31,339,509	14,728,750	-	22,957,663	22,957,663	-
Total primary government	1,418,386,161	203,323,228	71,434,340	42,521,044	(1,124,065,212)	22,957,663	(1,101,107,549)	-
Component units:								
Public school system	959,200,127	17,946,165	146,210,649	80,149,902	-	-	-	(714,893,411)
Community college	111,599,589	37,099,378	542,296	33,303,354	-	-	-	(40,654,561)
Library	22,706,843	861,817	-	-	-	-	-	(21,845,026)
Housing commission	39,239,655	12,879,698	5,601,059	11,285,000	-	-	-	(9,473,898)
Total component units	$ 1,132,746,214	68,787,058	152,354,004	124,738,256	-	-	-	(786,866,896)
	General revenues:							
	Property taxes				$ 586,123,532	-	586,123,532	-
	Local income taxes				431,743,893	-	431,743,893	-
	Transfer tax				31,570,488	-	31,570,488	-
	Recordation tax				23,894,207	-	23,894,207	-
	Building excise tax				8,468,658	-	8,468,658	-
	Hotel / motel tax				5,255,864	-	5,255,864	-
	Admission tax				2,736,822	-	2,736,822	-
	County development tax				105,166	-	105,166	-
	Mobile home tax				625,746	-	625,746	-
	Appropriations from primary government				-	-	-	593,986,456
	Intergovernmental, unrestricted				1,836,227	-	1,836,227	236,518,599
	Unrestricted investment income				5,054,711	823,902	5,878,613	84,113
	Miscellaneous				3,347,590	3,804,252	7,151,842	11,793,445
	Transfers				2,318,086	(2,318,086)	-	-
	Total general revenues and transfers				1,103,080,990	2,310,068	1,105,391,058	842,382,613
	Change in net position				(20,984,222)	25,267,731	4,283,509	55,515,717
	Net position - beginning				(88,198,403)	566,272,117	478,073,714	1,358,962,034
	Net position - ending				$ (109,182,625)	591,539,848	482,357,223	1,414,477,751

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2016

	General	Agricultural Land Preservation Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and cash equivalents	$116,547,762	12,825,813	-	77,183,866	206,557,441
Cash with fiscal agent	-	-	808,026	1,684,441	2,492,467
Investments	-	55,844,522	-	-	55,844,522
Receivables:					
Property taxes, net	2,751,011	-	-	606,233	3,357,244
Due from other governments	87,646,829	1,060,317	1,343,528	10,130,296	100,180,970
Due from other funds	798,367	-	-	53,292,899	54,091,266
Due from component units	7,309,870	-	23,942,390	4,249,019	35,501,279
Other	238,399	-	139,691	2,369,806	2,747,896
Prepaid items	502	-	-	4,680	5,182
Economic development loans	-	-	-	305,597	305,597
Housing loans	-	-	-	10,230,319	10,230,319
Materials and supplies	321,746	-	-	643,672	965,418
Total assets	215,614,486	69,730,652	26,233,635	160,700,828	472,279,601
LIABILITIES					
Due to other funds	-	-	52,676,599	1,234,245	53,910,844
Accounts payable / accrued liabilities	2,985,190	-	14,176,161	10,068,150	27,229,501
Accrued wages and benefits	9,628,646	7,437	38,128	4,443,933	14,118,144
Short-term loans and notes payable	-	-	22,759,320	20,347,649	43,106,969
Deposits and connection fees	5,474,871	-	-	406,895	5,881,766
Unearned revenue	-	-	85,008	6,605,764	6,690,772
Total liabilities	18,088,707	7,437	89,735,216	43,106,636	150,937,996
DEFERRED INFLOWS OF RESOURCES					
Unavailable income taxes	53,570,398	-	-	-	53,570,398
Unavailable property taxes	2,465,181	-	-	548,796	3,013,977
Unavailable fees	1,013,864	-	-	1,399,995	2,413,859
Unavailable grant revenues	867,286	-	24,225,601	4,876,280	29,969,167
Prepaid taxes	239,284	-	-	-	239,284
Total deferred inflows	58,156,013	-	24,225,601	6,825,071	89,206,685
Total liabilities and deferred inflows	76,244,720	7,437	113,960,817	49,931,707	240,144,681
FUND BALANCES					
Nonspendable:					
Inventory	321,746	-	-	643,672	965,418
Prepaid items	502	-	-	4,680	5,182
Long-term receivables:					
Due from component units	7,309,870	-	-	-	7,309,870
Restricted for:					
Catalyst loan program	-	-	-	626,333	626,333
Economic development inititative	-	-	-	828,618	828,618
Fire & rescue services	-	-	-	20,861,290	20,861,290
Forest conservation	-	-	-	3,523,799	3,523,799
Health department	1,972,282	-	-	-	1,972,282
Middle Patuxent environmental area program	-	-	-	31,502	31,502
Parkland watershed facilities	-	-	-	7,855,312	7,855,312
Open space	-	-	-	444,286	444,286
Program revenue	-	-	-	413,080	413,080
Public road facilities	-	-	-	57,019,046	57,019,046
Public school facilities	-	-	12,584,330	-	12,584,330
Speed enforcement	-	-	-	879,974	879,974
Storm water construction	-	-	-	40,949	40,949
Tax increment financing project	-	-	808,026	1,731,301	2,539,327
Committed for:					
Budget stabilization account	64,172,639	-	-	-	64,172,639
Agricultural land preservation	-	9,160,756	-	-	9,160,756
Community renewal programs	-	-	-	17,408,192	17,408,192
Environmental services	-	-	-	13,891,719	13,891,719
Firehouse & training facilities	-	-	-	6,130,050	6,130,050
Recreation programs	-	-	-	138,358	138,358
Assigned for:					
Future balloon payments	-	55,844,522	-	-	55,844,522
Subsequent year's expenditures	-	4,717,937	-	-	4,717,937
Subsequent year's budget stabilization account	6,086,128	-	-	-	6,086,128
Funding for one time expenditures	4,449,678	-	-	-	4,449,678
Purchase commitments	16,420,929	-	-	-	16,420,929
Pay-as-you-go contributions to capital projects	6,714,000	-	-	-	6,714,000
Income tax liability	3,606,274	-	-	-	3,606,274
Ellicott City flooding/rebuild cost	16,300,000	-	-	-	16,300,000
Capital projects	-	-	-	2,798,912	2,798,912
Unassigned	12,015,718	-	(101,119,538)	(24,501,952)	(113,605,772)
Total fund balances (deficit)	139,369,766	69,723,215	(87,727,182)	110,769,121	232,134,920
Total liabilities, deferred inflows and fund balances (deficit)	$ 215,614,486	69,730,652	26,233,635	160,700,828	472,279,601

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2016

Amounts reported for governmental activities in the statement of net position (page 15) are different because:		
Total fund balances - governmental funds (page 17)		**$ 232,134,920**
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		**38,209,719**
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	**(1,074,906,239)**	
Capital leases	**(23,438,046)**	
Deferred refunding gain/loss and premium	**(88,402,272)**	
Other noncurrent liabilities	**(3,680,719)**	
Accrued interest payable	**(17,280,025)**	
Compensated absences	**(23,908,061)**	
Net OPEB obligation	**(409,349,735)**	
Landfill closure and post-closure	**(31,611,000)**	**(1,672,576,097)**
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		**1,281,480,246**
The net pension liability is not due and payable in the current period and related deferred outflows and inflows are not an available resource and, therefore, are not reported in the funds.		**(85,060,155)**
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows in the funds.		**96,628,742**
Net position of governmental activities (page 15)		**$ (109,182,625)**

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 499,391,876	-	-	87,514,723	586,906,599
Other local taxes	466,675,543	7,997,788	7,892,622	24,253,901	506,819,854
State shared taxes	2,077,909	-	-	-	2,077,909
Revenues from other governments	6,502,072	-	2,797,744	21,316,237	30,616,053
Charges for services	14,697,765	-	-	41,256,501	55,954,266
Investment income:					
Interest on investments	1,060,042	3,180,544	61,221	668,910	4,970,717
Installment interest from housing loans	-	-	-	83,994	83,994
Licenses and permits	7,200,241	-	-	-	7,200,241
Fines and forfeitures	3,236,845	-	-	1,119,794	4,356,639
Developer contributions	-	-	-	4,612,357	4,612,357
Recoveries for interfund services	15,706,180	-	-	-	15,706,180
Payments from component units	2,588,330	-	-	-	2,588,330
Miscellaneous program revenues	9,618,138	745	8,355,240	7,467,611	25,441,734
Total revenues	1,028,754,941	11,179,077	19,106,827	188,294,028	1,247,334,873
EXPENDITURES					
Current:					
General government	51,519,366	-	-	3,399,376	54,918,742
Legislative & judicial	25,379,957	-	-	513,335	25,893,292
Public works	71,337,787	1,326,804	990,205	29,239,306	102,894,102
Public safety	120,321,160	-	-	88,453,407	208,774,567
Recreation and parks	19,515,792	-	-	18,957,765	38,473,557
Community services	30,635,237	-	-	13,996,458	44,631,695
Education	593,986,453	-	57,851,124	-	651,837,577
Capital improvements	-	5,174,872	68,390,228	59,643,854	133,208,954
Debt service:					
Principal	65,701,576	2,782,673	-	-	68,484,249
Interest	39,910,762	5,473,485	-	-	45,384,247
Total expenditures	1,018,308,090	14,757,834	127,231,557	214,203,501	1,374,500,982
Excess (deficiency) of revenues over expenditures	10,446,851	(3,578,757)	(108,124,730)	(25,909,473)	(127,166,109)
OTHER FINANCING SOURCES (USES)					
Bond premium	-	-	9,060,748	4,480,270	13,541,018
Capital leases	-	-	10,058,351	-	10,058,351
Capital-related issuance of debt	-	-	45,581,805	30,908,195	76,490,000
Refunding bonds issued	-	-	16,423,897	4,856,103	21,280,000
Installment purchase agreements issued	-	4,817,735	-	-	4,817,735
Payment to bond refunding escrow agent	-	-	(20,492,012)	(6,108,355)	(26,600,367)
Transfers in	22,249,419	-	809,246	4,706,640	27,765,305
Transfers out	(1,015,064)	-	(9,063,099)	(14,832,529)	(24,910,692)
Total other financing sources (uses)	21,234,355	4,817,735	52,378,936	24,010,324	102,441,350
Net change in fund balances	31,681,206	1,238,978	(55,745,794)	(1,899,149)	(24,724,759)
Fund balances (deficit) - beginning	107,688,560	68,484,237	(31,981,388)	112,668,270	256,859,679
Fund balances (deficit) - ending	$ 139,369,766	69,723,215	(87,727,182)	110,769,121	232,134,920

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Amounts reported for governmental activities in the statement of activities (page 16) are different because:		
Net change in fund balances - total governmental funds (page 19)		$ (24,724,759)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which capital outlays exceed depreciation in the current period is as follows:		
Capital outlays	67,062,395	
Less: Depreciation expense	(37,573,681)	29,488,714
In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land and buildings sold.		(5,655,445)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		15,685,667
Revenues to governmental funds that relate to prior periods are not reported in the statement of activities. Similarly, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. The details are as follows:		
Revenues related to prior periods	(77,530,359)	
Revenues that do not provide current financial resources	88,967,403	11,437,044
Long-term debt proceeds (i.e., bonds, leases, installment purchase agreements) provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(32,448,706)
In the statement of activities, some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(20,221,855)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The new revenue (expense) of certain internal service funds is reported with governmental activities.		5,455,118
Change in net position of governmental activities (page 16).		$ (20,984,222)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
REVENUES	Original	Final	Actual	Final Budget
Property taxes	$ 491,706,500	491,706,500	499,902,592	8,196,092
Other local taxes	437,048,043	437,048,043	466,675,544	29,627,501
State shared taxes	1,531,600	1,531,600	2,077,909	546,309
Revenues from other governments	14,281,452	7,291,988	6,502,073	(789,915)
Charges for services	14,092,300	13,592,300	14,697,764	1,105,464
Interest on investments	1,102,495	1,102,495	1,292,318	189,823
Licenses and permits	6,612,600	6,612,600	7,200,241	587,641
Recoveries for inter-fund services	15,323,284	15,457,347	15,706,180	248,833
Fines and forfeitures	3,007,200	3,007,200	3,236,844	229,644
Payments from component units	2,661,310	2,661,310	2,588,330	(72,980)
Miscellaneous	14,198,270	14,168,270	9,817,215	(4,351,055)
Total revenues	1,001,565,054	994,179,653	1,029,697,010	35,517,357
EXPENDITURES				
Current:				
General government	39,632,470	37,972,460	37,781,867	190,593
Legislative & judicial	25,971,428	25,976,428	25,220,268	756,160
Public works	70,358,253	72,358,253	71,448,620	909,633
Public safety	120,994,185	120,994,185	120,846,035	148,150
Recreation and parks	19,603,223	19,603,223	19,602,707	516
Community services	43,732,483	34,001,275	32,159,796	1,841,479
Education	593,986,453	593,986,453	593,986,453	-
Debt service:				
Principal	66,018,304	65,701,579	65,701,577	2
Interest	40,141,973	40,129,733	39,910,761	218,972
Total expenditures	1,020,438,772	1,010,723,589	1,006,658,084	4,065,505
Excess (deficiency) of revenues over expenditures	(18,873,718)	(16,543,936)	23,038,926	39,582,862
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	450,000	2,086,707	-	(2,086,707)
Transfers in	22,903,718	28,303,850	28,543,293	239,443
Transfers out	(4,480,000)	(12,984,620)	(12,959,610)	25,010
Total other financing sources (uses)	18,873,718	17,405,937	15,583,683	(1,822,254)
Net change in fund balance	-	-	38,622,609	38,622,609
Plus prior year encumbrances lapsed			2,019,298	-
Fund balances - beginning			85,369,535	-
Fund balances - ending			$ 126,011,442	38,622,609

Note: Due to the closing of the Health Department Fund in fiscal year 2016, the Health Department's fund balance was combined with the General Fund for the purpose of the budgetary basis schedule only.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	$ 7,150,000	7,150,000	7,997,788	847,788
Investment income	1,000,000	1,000,000	3,180,544	2,180,544
Miscellaneous	15,000	15,000	745	(14,255)
Total revenues	8,165,000	8,165,000	11,179,077	3,014,077
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	2,062,858	2,062,858	1,325,929	736,929
Agricultural land preservation board	1,900	1,900	875	1,025
Capital improvements	-	-	5,174,872	(5,174,872)
Total public works	2,064,758	2,064,758	6,501,676	(4,436,918)
Debt service:				
Principal	3,408,962	3,408,962	2,782,673	626,289
Interest	5,869,576	5,869,576	5,473,485	396,091
Total debt service	9,278,538	9,278,538	8,256,158	1,022,380
Total expenditures	11,343,296	11,343,296	14,757,834	(3,414,538)
Excess (deficiency) of revenues over expenditures	(3,178,296)	(3,178,296)	(3,578,757)	(400,461)
OTHER FINANCING SOURCES				
Appropriation from fund balance	3,178,296	3,178,296	-	3,178,296
Installment purchase agreements issued	-	-	4,817,735	(4,817,735)
Total other financing sources	3,178,296	3,178,296	4,817,735	(1,639,439)
Net change in fund balance	-	-	1,238,978	1,238,978
Fund balance beginning			68,487,044	-
Fund balance - ending			$ 69,726,022	1,238,978

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water and Sewer	Other Enterprise Funds	Total	
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	$ 11,557,103	12,760,509	24,317,612	25,913,161
Receivables:				
Property taxes	257,891	-	257,891	-
Due from other governments	101,856	-	101,856	-
Service billings	12,195,630	23,430	12,219,060	-
Other receivables	-	13,605	13,605	2,581,420
Materials and supplies	829,774	37,698	867,472	1,316,892
Restricted assets:				
Equity in pooled cash and cash equivalents	173,854,613	560,000	174,414,613	-
Water and sewer assessments	5,164,029	-	5,164,029	-
Total current assets	203,960,896	13,395,242	217,356,138	29,811,473
Noncurrent assets:				
Restricted assets:				
Receivables:				
Water and sewer assessments	36,746,556	-	36,746,556	-
Other receivables	-	280,000	280,000	-
Capital assets:				
Land	2,715,382	8,684,896	11,400,278	-
Construction in progress	19,544,799	-	19,544,799	-
Buildings, improvements, and infrastructure, net	607,849,494	12,764,479	620,613,973	2,236,512
Machinery and equipment, net	9,526,341	519,166	10,045,507	30,445,884
Total noncurrent assets	676,382,572	22,248,541	698,631,113	32,682,396
Total assets	880,343,468	35,643,783	915,987,251	62,493,869
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	61,566	122,744	184,310	-
Changes in actuarial assumptions for pensions	517,511	-	517,511	-
Pension contributions made subsequent to measurement date	926,542	-	926,542	-
Total deferred outflows of resources	1,505,619	122,744	1,628,363	-
Total assets and deferred outflows of resources	881,849,087	35,766,527	917,615,614	62,493,869
LIABILITIES				
Current liabilities:				
Due to other funds	-	180,422	180,422	-
Accounts payable	10,954,044	575,070	11,529,114	2,555,859
Accrued wages and benefits	572,344	30,415	602,759	671,645
Compensated absences	30,715	28,241	58,956	11,674
Short-term loans and notes payable	6,393,031	-	6,393,031	-
Unpaid insurance claims	-	-	-	7,048,193
Current portion capital lease obligation	-	-	-	124,692
Unearned revenue	-	-	-	71,240
Current liabilities	17,950,134	814,148	18,764,282	10,483,303
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,660,234	7,069	1,667,303	-
Developer agreement rebates and deposits	244,500	-	244,500	-
Other debt payable	3,240,265	-	3,240,265	-
Bonds and Note payable	10,130,000	473,000	10,603,000	-
Interest payable	3,619,179	-	3,619,179	-
Current liabilities payable from restricted assets	18,894,178	480,069	19,374,247	-
Total current liabilities	36,844,312	1,294,217	38,138,529	10,483,303
Noncurrent liabilities:				
Developer agreement rebates and deposits	741,519	-	741,519	-
Net OPEB obligation	7,398,356	-	7,398,356	-
Net pension liability	2,907,631	-	2,907,631	
Compensated absences	816,320	28,674	844,994	968,081
Unpaid insurance claims	-	-	-	9,248,648
Long-term capital lease obligation	-	-	-	1,310,809
Refunding revenue note payable	-	3,199,000	3,199,000	-
Metropolitan district bonds payable	241,894,294	-	241,894,294	-
Unearned revenue	706,064	-	706,064	-
Other long-term debt	21,267,307	-	21,267,307	-
Total noncurrent liabilities	275,731,491	3,227,674	278,959,165	11,527,538
Total liabilities	312,575,803	4,521,891	317,097,694	22,010,841
DEFERRED INFLOWS OF RESOURCES				
Deferred water and sewer assessments	10,977,438	-	10,977,438	-
Changes in actuarial assumptions for pensions	50,328	-	50,328	-
Changes in actuarial experience for pensions	162,115	-	162,115	-
Pension investment earnings greater than projected	61,500	-	61,500	-
Total deferred inflows of resources	11,251,381	-	11,251,381	-
Total liabilities and deferred inflows of resources	323,827,184	4,521,891	328,349,075	22,010,841
NET POSITION				
Net investment in capital assets	392,141,978	18,419,285	410,561,263	31,246,895
Restricted:				
For debt service	41,910,585	560,000	42,470,585	-
Unrestricted	123,969,340	12,265,351	136,234,691	9,236,133
Total net position	$ 558,021,903	31,244,636	589,266,539	40,483,028
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			2,273,309	
Net position of business-type activities			591,539,848	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water and Sewer	Other Enterprise Funds	Total	
Operating revenues:				
User charges	$ 62,203,909	12,391,817	74,595,726	94,718,172
Greens and cart fees	-	1,272,415	1,272,415	-
Range fees	-	114,190	114,190	-
Merchandise	-	116,883	116,883	-
Food and beverage	-	309,303	309,303	-
Insurance recoveries	-	-	-	247,373
Miscellaneous sales and services	859,045	52,377	911,422	1,498,005
Total operating revenues	63,062,954	14,256,985	77,319,939	96,463,550
Operating expenses:				
Salaries and employee benefits	12,538,294	1,246,917	13,785,211	14,087,564
Contractual services	17,506,994	2,830,114	20,337,108	12,104,362
Supplies and materials	3,700,794	357,702	4,058,496	4,569,617
Business and travel	100,441	4,199	104,640	41,006
Vehicle fuels and supplies	1,369,116	-	1,369,116	3,432,605
Purchased water and transmission charges	20,479,711	-	20,479,711	-
Sewage treatment charges	4,358,815	-	4,358,815	-
Share of county administrative expenses	4,703,363	1,106,973	5,810,336	856,583
Insurance claims	434,914	-	434,914	50,646,427
Other administrative	-	91,644	91,644	2,559,049
Depreciation expense	21,608,648	745,139	22,353,787	6,651,032
Less: house connection and capitalized overhead costs	(139,342)	-	(139,342)	-
Total operating expenses	86,661,748	6,382,688	93,044,436	94,948,245
Operating income (loss)	(23,598,794)	7,874,297	(15,724,497)	1,515,305
Nonoperating revenues (expenses):				
Ad valorem charges	31,339,509	-	31,339,509	-
Water and sewer assessment charges	1,902,962	-	1,902,962	-
Interest on investments	759,570	64,332	823,902	88,821
Interest expense	(9,527,149)	(98,429)	(9,625,578)	(29,375)
Gain (loss) on sale of capital assets	395,962	77,216	473,178	-
Capital contributions disbursed	-	-	-	(91,559)
Other, net	3,331,074	(70,682)	3,260,392	-
Total nonoperating revenues (expenses)	28,201,928	(27,563)	28,174,365	(32,113)
Net income (loss) before contributions and transfers	4,603,134	7,846,734	12,449,868	1,483,192
Capital contributions	14,728,750	-	14,728,750	4,915,652
Transfers in	-	490,356	490,356	-
Transfers out	-	(2,808,442)	(2,808,442)	(536,527)
Change in net position	19,331,884	5,528,648	24,860,532	5,862,317
Net position - beginning	538,690,019	25,715,988		34,620,711
Net position - ending	$ 558,021,903	31,244,636		40,483,028
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			407,199	
Change in net position of business - type activities			25,267,731	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Water & Sewer	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 69,288,491	14,454,794	83,743,285	96,806,085
Cash paid to suppliers	(47,816,707)	(3,219,370)	(51,036,077)	(64,182,792)
Cash paid to/for employees	(12,604,008)	(1,229,962)	(13,833,970)	(13,690,397)
Cash paid for interfund services used	(6,188,590)	(1,128,017)	(7,316,607)	(8,424,246)
Other operating cash receipts	1,161,165	-	1,161,165	-
Other operating disbursements	-	(46,614)	(46,614)	(621,724)
Net cash provided by operating activities	3,840,351	8,830,831	12,671,182	9,886,926
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payable	-	180,422	180,422	-
Interfund operating tansfers in (out)	-	(2,318,086)	(2,318,086)	(536,527)
Net cash (used in) noncapital financing activities	-	(2,137,664)	(2,137,664)	(536,527)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	32,583,031	-	32,583,031	-
Cash receipts from assessments & connection charges	31,335,735	-	31,335,735	-
Acquisition and construction of capital assets	(23,134,600)	(217,444)	(23,352,044)	(3,131,598)
Capital contribution	35,465,948	-	35,465,948	-
Payment of long-term debt principal	(17,341,028)	(461,000)	(17,802,028)	-
Interest paid on long-term debt	(8,361,311)	(98,429)	(8,459,740)	(29,375)
Net cash provided by (used in) capital and related financing activities	50,547,775	(776,873)	49,770,902	(3,160,973)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	759,570	64,332	823,902	88,821
Net cash provided by investing activities	759,570	64,332	823,902	88,821
Net increase in cash and cash equivalents	55,147,696	5,980,626	61,128,322	6,278,247
Balances - beginning of the year	130,264,020	7,339,883	137,603,903	19,634,914
Balances - end of the year	185,411,716	13,320,509	198,732,225	25,913,161
Reconciliation of operating (loss) income to net cash provided by operating activities				
Operating (loss) income	(23,598,794)	7,874,297	(15,724,497)	1,515,305
Adjustments to reconcile operating income to net cash:				
Depreciation expense	21,608,648	745,139	22,353,787	6,651,032
Change in assets and liabilities:				
Decrease in accounts and other receivables	7,382,767	242,840	7,625,607	342,535
Decrease in prepaid expenses	-	-	-	41,633
Decrease in inventories	8,959	3,933	12,892	-
Increase (decrease)in operating accounts payable	(1,780,626)	(36,667)	(1,817,293)	140,090
Increase (decrease) in escrow deposits	-	-	-	1,442,374
Increase in compensated absences and unpaid claims	37,136	1,289	38,425	-
Increase in net OPEB obligation and net pension liability	182,261	-	182,261	-
Decrease in capital lease obligations	-	-	-	(246,043)
Total adjustments	27,439,145	956,534	28,395,679	8,371,621
Net cash provided by operating activities	$ 3,840,351	8,830,831	12,671,182	9,886,926

Noncash investing, capital and financing activities:

In Fiscal Year 2016, $24,668,913 was contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines.

All investments mature in one year or less so the change in fair value is not determined.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Fiduciary Net Position
Pension and Other Post-Employment Benefits Trust Funds and Agency Funds
June 30, 2016

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	$ -	7,246,692
Receivables:		
Property tax	-	443,371
Interest and dividends	1,030,982	-
Employer contributions	1,893,232	-
Member contributions	568,105	-
Sale of investments	458,297	-
Other	12,688	-
Investments, at fair value:		
Cash	37,973	-
Equities	339,416,652	-
Alternative investments	178,489,563	-
Mutual funds	81,752,073	-
Money market funds	13,548,739	-
Fixed income securities	240,292,768	-
Real estate	39,255,154	-
Prepaid insurance	43,874	-
Total assets	896,800,100	7,690,063
LIABILITIES		
Accounts payable	-	1,961,997
Investments purchased	3,081,251	-
Deposits	1,178,638	5,720,459
Other	-	7,607
Total liabilities	4,259,889	7,690,063
NET POSITION		
Held in trust for pension and OPEB benefits	$ 892,540,211	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Changes in Fiduciary Net Position
Pension and Other Post-Employment Benefits Trust Funds
For the Year Ended June 30, 2016

ADDITIONS		
Contributions:		
Employer	**$**	**71,916,671**
Member		**10,798,145**
Total contributions		**82,714,816**
Investment income:		
Net change in fair value of investments		**(6,147,313)**
Interest		**4,560,652**
Dividends		**16,649,651**
Other		**101,990**
Investment expense		**(2,633,048)**
Net investment (loss) income		**12,531,932**
Total additions		**95,246,748**
DEDUCTIONS		
Benefits		**58,639,266**
Administrative expenses		**736,045**
Total deductions		**59,375,311**
Change in net position		**35,871,437**
Net position - beginning		**856,668,774**
Net position - ending	**$**	**892,540,211**

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2016

	Public School System	Community College	Library	Housing Commission	Total
ASSETS					
Cash and cash equivalents	$ 46,488,320	36,974,332	1,782,365	6,056,871	91,301,888
Investments	50,555,448	3,488,167	1,312,430	430,502	55,786,547
Receivables:					
Due from other governments	11,098,119	24,209,644	-	-	35,307,763
Other	1,963,509	1,162,472	539,657	1,128,914	4,794,552
Materials and supplies	1,232,781	-	-	-	1,232,781
Prepaid items	769,460	521,958	317,630	180,110	1,789,158
Restricted assets:					
Cash and cash equivalents	-	-	230,424	26,064,241	26,294,665
Mortgage receivable	-	-	-	6,267,860	6,267,860
Capital assets:					
Land and land improvements	32,038,552	837,359	-	60,051,174	92,927,085
Construction in progress	223,847,417	53,562,667	-	2,912,995	280,323,079
Buildings and improvements, net	906,863,832	164,550,400	-	94,131,718	1,165,545,950
Machinery and equipment, net	15,006,343	4,704,557	20,669	-	19,731,569
Other capital assets	-	500,514	2,512,986	57,338	3,070,838
Other non-current assets	-	6,915,875	-	5,768,695	12,684,570
Total assets	1,289,863,781	297,427,945	6,716,161	203,050,418	1,797,058,305
DEFERRED OUTFLOWS					
Change in actuarial assumptions for pensions	10,174,732	129,143	-	92,586	10,396,461
Difference between expected and actual experience	-	20,376	-	-	20,376
Difference between projected and actual earned on pension plan investment	-	73,057	-	10,520	83,577
Pension contributions made subsequent to measurement date	4,220,168	227,640	-	173,821	4,621,629
Derivative instruments - interest rate swap	-	-	-	465,991	465,991
Total deferred outflows	14,394,900	450,216	-	742,918	15,588,034
Total assets and deferred outflows	1,304,258,681	297,878,161	6,716,161	203,793,336	1,812,646,339
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	93,127,287	6,909,501	912,857	3,837,469	104,787,114
Accrued wages and benefits	-	1,730,999	647,181	-	2,378,180
Deposits	-	57,865	-	501,762	559,627
Due to primary government	-	31,252,260	-	4,249,019	35,501,279
Unearned revenue	12,026,805	2,851,787	472,869	1,065,085	16,416,546
Long-term liabilities:					
Due within one year	6,757,487	723,131	-	3,359,602	10,840,220
Due in more than one year, net	61,084,777	4,124,755	1,109,366	157,555,593	223,874,491
Total liabilities	172,996,356	47,650,298	3,142,273	170,568,530	394,357,457
DEFERRED INFLOWS					
Pension investment earnings greater than projected	3,715,587	-	-	-	3,715,587
Change in actuarial assumptions for pensions	-	-	-	10,118	10,118
Difference between expected and actual experience	-	52,834	-	32,592	85,426
Total deferred inflows	3,715,587	52,834	-	42,710	3,811,131
Total liabilities and deferred inflows	176,711,943	47,703,132	3,142,273	170,611,240	398,168,588
NET POSITION					
Invested in capital assets, net of related debt	1,166,892,601	214,325,606	2,533,655	15,254,006	1,399,005,868
Restricted for:					
Education	1,222,898	9,504,575	472,869	-	11,200,342
Business-type operations	234,114	811,355	-	3,328,689	4,374,158
Unrestricted	(40,802,875)	25,533,493	567,364	14,599,401	(102,617)
Total net position	$ 1,127,546,738	250,175,029	3,573,888	33,182,096	1,414,477,751

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2016

Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Contributions	Net (Expense) Revenue and Changes in Net Position: Public School System	Community College	Library	Housing Commission	Total
Component units:									
Public school system	$ 959,200,127	17,946,165	146,210,649	80,149,902	(714,893,411)	-	-	-	(714,893,411)
Community college	111,599,589	37,099,378	542,296	33,303,354	-	(40,654,561)	-	-	(40,654,561)
Library	22,706,843	861,817	-	-	-	-	(21,845,026)	-	(21,845,026)
Housing commission	39,239,655	12,879,698	5,601,059	11,285,000	-	-	-	(9,473,898)	(9,473,898)
Total component units	$ 1,132,746,214	68,787,058	152,354,004	124,738,256	(714,893,411)	(40,654,561)	(21,845,026)	(9,473,898)	(786,866,896)
General revenues:									
Appropriations from primary government					$ 544,144,628	31,000,287	18,841,541	-	593,986,456
Intergovernmental, unrestricted					197,982,735	35,203,394	3,332,470	-	236,518,599
Investment income					101,460	(185,251)	3,050	164,854	84,113
Miscellaneous					1,962,362	-	-	9,831,083	11,793,445
Total general revenues					744,191,185	66,018,430	22,177,061	9,995,937	842,382,613
Change in net position					29,297,774	25,363,869	332,035	522,039	55,515,717
Net position - beginning					1,098,248,964	224,811,160	3,241,853	32,660,057	1,358,962,034
Net position - end of year					$ 1,127,546,738	250,175,029	3,573,888	33,182,096	1,414,477,751

The accompanying notes are an integral part of these financial statements.



Department of Finance

The Department of Finance serves many different customers. This includes residents, businesses, other County agencies, taxpayers, homeowners, County employees, retirees, bond holders and investors. The Department of Finance strives to ensure that the County's financial resources are collected, protected, invested and distributed in a fiscally responsible manner; and to provide optimal financial services to a wide range of constituents including citizens, taxpayers, businesses, agencies and employees of the County with an effective and efficient team of employees.

Notes to Basic Financial Statements

The Notes are an integral part of the financial statements.

Notes to Basic Financial Statements Index

NOTE	DESCRIPTION	PAGE
1.	Summary of Significant Accounting Policies	32
	A. The Reporting Entity	32
	Discretely Presented Component Units	32
	B. Government-Wide and Fund Financial Statements	33
	C. Measurement Focus, Basis of Accounting and Financial Statement Presentation	33
	D. Budgetary Process	35
	E. Deposits and Investments	36
	Cash Equivalents	36
	Investments	36
	F. Loans Receivable	36
	G. Inventory	36
	H. Capital Assets	37
	I. Compensated Absences	37
	J. Self-Insurance	37
	K. Water and Sewer Assessments	37
	L. Deferred Outflows/Inflows of Resources	37
	M. Net Position Flow Assumptions	38
	N. Fund Balance Flow Assumptions	38
	O. Fund Balance	38
	P. Reconciliation Between GAAP and Budgetary Basis	39
	Q. Budget Stabilization Account	40
	R. Net Position Restricted by Enabling Legislation	40
	S. Fair Value Measurements	40
	T. Implementation of New Accounting Principles	41
2.	Equity in Pooled Cash and Cash Equivalents and Investments	41
3.	Receivables	49
4.	Interfund Receivables, Payables and Transfers	49
5.	Property Tax and Transfer Tax	50
6.	Capital Assets	51
7.	Long-Term Obligations	53
	A. Primary Government	53
	B. Component Units	58
8.	Short-Term Debt	58
9.	Conduit Debt	58
10.	Lease Obligations	59
	A. Operating Leases – Primary Government	59
	B. Capital Leases	59
11.	Restricted Assets	60
12.	Landfill Closure and Post-Closure Care Cost	60
13.	Retirement Plans	61
14.	Other Post-Employment Benefits	70
15.	Deferred Compensation Plan	74
16.	Risk Management	74
17.	Individual Fund Disclosures	75
18.	Commitments and Contingencies	75
	A. Grants	75
	B. Construction	75
	C. Litigation	75
	D. Encumbrances	76

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

A. The Reporting Entity

Howard County, Maryland (the County), was formed in 1851 under a commission form of government. Under home rule charter since 1968, the County is governed by an elected County Executive and a five-member County Council serving separate executive and legislative functions.

The basic financial statements include Howard County, Maryland as the primary government and its significant component units, entities for which the County is considered to be financially accountable. The component units include the activities of the Howard County Public School System, the Library, the Community College, and the Housing Commission. The Volunteer Fire Districts have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County in that the County approves budgetary requests and provides a significant amount of funding.

Discretely Presented Component Units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government. They are reported in a separate column to emphasize that they are legally separate from the County. The following are the County's component units that are included in the reporting:

The Howard County Public School System is responsible for the operation of special education, elementary, middle and high schools. The Board of Education is comprised of five members elected by County voters. The County is responsible for levying taxes and has budgetary control over the Board.

The Howard County Library operates various library branches throughout the County. The Library is governed by a seven-member board nominated by the County Executive and approved by the County Council. The County approves the Library's annual budget and provides substantial funding to the Library.

The Howard Community College provides educational services to County citizens by offering two-year associate degrees and a continuing education program. The Community College is governed by a seven-member board appointed by the governor of Maryland. The County approves the College's annual budget and provides substantial funding to the College.

The Howard County Housing Commission is a public corporation established by Maryland and Howard County law to act as builder, developer, owner, and manager of housing for eligible participants. The Commission is comprised of seven commissioners appointed by the County Executive and approved by the County Council. The County provides substantial funding to the Commission and approves its annual budget.

Financial information regarding the component units is included in the component units combining statements. Annual financial reports for individual component units can be obtained from their respective administrative offices:

Howard County Public School System
10910 Route 108
Ellicott City, Maryland 21042

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

Howard County Housing Commission
6751 Columbia Gateway Drive, 3rd Floor
Columbia, Maryland 21046

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities present financial information on all the non-fiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used. Government activities, which primarily are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities displays the extent to which direct expenses are offset by program revenues for each function of governmental activities and for each segment of business-type activities. Direct expenses are those that can be attributed to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Agency funds do not have a measurement focus and are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measureable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The County considers all revenues, with the exception of income tax revenue, to be available if they are collected within 60 days after the end of the current fiscal period. Income tax revenue is considered to be available if it is collected within thirty days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, as well as expenditures related to vacation, sick leave, claims, and judgments, are recorded only when payment is due.

Property taxes, other local taxes, state shared taxes, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measureable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Agricultural Land Preservation Fund* accounts for 25% of the local transfer tax and the County development tax which are dedicated to preserving the agricultural use of land through the purchase of development rights of property owners.

The *General Capital Projects Fund* is used to account for the construction of general capital projects such as senior centers, community centers, and administrative buildings, in addition to public schools and buildings for the Community College.

The County reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the County's water and sewer operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

The County reports non-major funds within the following fund types:

Special Revenues Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. This definition establishes that at least one restricted or committed revenue source must be the foundation of the special revenue fund. The following revenue sources are included in special revenue funds: local transfer tax, fire and rescue tax, forest conservation developer fees, residential trash collection and disposal fees, grants, registration fees for recreational programs and fines for speed enforcement.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except those accounted for in the General Capital Projects Fund and proprietary fund types.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Enterprise Funds are used to account for the activities of the Special Recreation Facility Fund, Watershed Protection and Restoration Fund and Broadband Fund. The Special Recreation Facility Fund accounts for the operations and related debt service costs of a public golf course, the Watershed Protection and Restoration Fund accounts for the maintenance, operations, and improvement of the local stormwater management system and the Broadband Fund accounts for broadband services to private sector businesses as well as non-County government agencies and County departments and component units. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

Internal Service Funds are funds used to account for goods and services furnished by one County department to another County department on a cost reimbursement basis. Internal Service Funds account for centralized vehicle fleet and mailing services; technology and communication operation; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; and County employee health benefit costs.

Agency Funds are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents for State property tax, bay restoration

fees, surety bonds held on construction work, and multifarious funds donated to be used by the Law Library, the Revenue Authority and the Domestic Violence Center.

Pension Trust Funds are used to account for the activities of the County's single-employer public employee retirement plans. These include the Police and Fire Employees' Retirement Plan and the General Employees' Plan. The plans account for employee contributions, County contributions and the earnings and profits from investments. They also account for the disbursements made for employee retirements, withdrawals, disability, and death benefits as well as administrative expenses. Annual Financial Reports for both pension trust funds can be obtained from their administrative office at Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland, 21043 or from the website at www.howardcountymd.gov.

Other Post-Employment Benefits (OPEB) Trust Fund was established to account for the other post-employment benefits of the County and its component units. The trust fund acts as a funding mechanism for employers' cost of retiree benefits.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between water and sewer operations and other County departments because the elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as they are needed. The County may defer the use of restricted assets based on a review of the specific transaction.

D. Budgetary Process

Pursuant to County Charter, the County Executive's capital and operating portions of the budget for all County funds are submitted to the County Council by April 1 and 21, respectively. The County Council holds public hearings before passing the annual budget appropriation ordinance. If the County Council does not pass the budget ordinance, the Executive's proposed budget ordinance stands adopted. The adopted budget becomes effective July 1, and provides the spending authority at the individual department level for the operations of the County government with the unexpended or unencumbered appropriation authority of the operating budget expiring the following June 30. Capital unencumbered appropriations continue until the capital project is closed.

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also, at the request of the Executive, approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from un-appropriated funds only in emergencies affecting "life, health, and property." Additionally, the County Executive has the authority to make tranfers

within a department at any time during the year without approval of the County Council. During fiscal year 2016, the Council approved three operating budget supplements and one capital budget transfer.

Budgetary data, as revised, is presented in the Basic Financial Statements for the General and Agricultural Land Preservation Funds. Outstanding encumbrances are included in the final budget as actual expenditure amounts in those statements because they remain in force and do not lapse until the end of the subsequent fiscal year. Lapsed appropriations are reported as additions to fund balance on a budgetary basis.

E. Deposits and Investments

Cash Equivalents

The County considers all demand deposits and investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

The County follows Governmental Accounting Standards Board (GASB) Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires marketable securities to be carried at fair value. The County currently limits its purchases to maturities of one year or less (except those items described in the next paragraph). The County has an internal investment pool that is available for use by all funds. Additionally, the County adopted GASB 79 in the current fiscal year, as further described in part T to this footnote.

The investments of the Pension Trust Funds are reported at fair value or net asset value, as further described in note 2. The securities of the Pension Trust Funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in the Governmental Funds represent stripped-coupon U.S. Treasury securities stated at fair value in the Agricultural Land Preservation Fund. They are also reported in aggregate as part of U.S. Government Securities in the Equity in Pooled Cash and Cash Equivalents and Investments note.

Also, in accordance with investment policy, the Pension Trust Funds may invest in collateralized mortgage obligations (CMO) and putable bonds. These investments are reported as part of U.S. Government Agency notes in the Equity in Pooled Cash and Cash Equivalents and Investments note disclosure.

F. Loans Receivable

For purposes of the fund financial statements, housing loans in the Community Renewal Fund are charged to the budget upon funding, and the loans are recorded with an offset to a non-spendable fund balance account. A receivable, "due from component units," along with an offset to non-spendable fund balance, is recorded in the General Fund as the Howard Community College has an agreement to reimburse the County for bond issues related to construction costs of a parking deck and the Horowitz Visual and Performing Arts Center. For purposes of the government-wide financial statements, neither housing loans nor the receivable from the College are offset by restricted Net Position accounts.

G. Inventory

Materials and supplies are valued at cost, using the weighted average method. Materials and supplies are recorded as assets when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting. The County also has some materials and supplies that are expensed off directly when purchased, as they are consumable items purchased for the use within County, examples include office supplies, paper towels and cleaning materials.

H. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). They are recorded at historical or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value at the date donated. Capital assets are defined by Howard County as assets with an initial, individual cost of $5,000 or greater and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over the estimated useful lives (in years) as follows:

Buildings	50	Computer Software	5
Infrastructure	15-40	Vehicles	5-10
Water and sewer lines	50	Furniture and equipment	5-20

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized; they are charged to operations when incurred. Betterments and major improvements that significantly increases values, change capacities or extend useful lives are capitalized.

I. Compensated Absences

County employees are granted vacation, personal, and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Classified employees are limited to an accrual of forty days and executive exempt employees have no leave accrual limit. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. Accumulated vacation benefits at year-end are recorded as obligations in the Statement of Net Position and Proprietary Fund Statements.

J. Self-Insurance

The County establishes its funding of claims liabilities as they occur. This funding level includes provisions for indemnity, medical losses, and allocated loss adjustment expenses which are all classified as incremental claim adjustment expenses. Unpaid claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported and claims incurred but not reported (IBNR) as of fiscal year-end.

K. Water and Sewer Assessments

Water and sewer assessments are charged to property owners on a 30-year basis to recover the debt service on bonds used to construct main and lateral water and sewer lines which benefit such properties. A water and sewer assessments receivable (restricted assets) is established for the entire uncollected assessed amount. The portion of the receivable relating to bond principal is credited to Net Position and the portion representing interest is initially recorded as a deferred inflow and then recognized as revenue when billed.

From 1980 to 2004, the deferred inflow increased as the water and sewer system was being built. The deferred inflow is now declining and will continue to do so as debt is retired and there are minimal new assessments. The Water and Sewer ad valorem charge (billed annually to all property within the Metropolitan District) is sufficient to fund the debt service related to the cost of infrastructure.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*,

represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The government has several items that qualify for reporting in this category. The first is the deferred refunding amount reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The remaining line items are related to the pension plans reported in the government-wide statement of net position and encompass the following. Changes in actuarial assumptions are amortized over the average expected remaining service life of employees. The difference between expected and actual experience and the difference between projected and actual earnings on pension plan investments are related to the component units' pension plans and are amortized over five years. The final item is for pension contributions made subsequent to the measurement date. This amount will be recognized on the government-wide statement of activities in the next fiscal year.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has several types of deferred inflows of resources that qualify for reporting in this category. In the government-wide statement of net position the government reports unavailable revenue from prepaid taxes. For business-type activities, the government reports unavailable revenues from water and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government reports the following items related to the pension plans. Changes in actuarial assumptions and changes in actuarial experience study are amortized over the average expected remaining service life of employees. Investment earnings greater than projected are amortized over five years.

Under the modified accrual basis of accounting, several deferred inflows of resources are reported as unavailable revenues. In the governmental balance sheet the government reports deferred inflows of resources from: income and property taxes, fees, grant revenues and prepaid taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

N. Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Fund Balance

In the fund financial statements, fund balance is classified based on the extent to which the County is bound to observe constraints on the specific purposes for which the amounts can be spent. Fund balance is reported within one of the five fund balance categories listed below:

Nonspendable – Includes fund balance amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact such as a permanent fund. Not in spendable form includes items that are not expected to be converted to cash, such as inventories and prepaid items.

Restricted – Includes fund balance amounts that are restricted to specific purposes when constraints are placed on the use of resources by external parties, constitution provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation.

Committed – Includes fund balance amounts for which constraints have been imposed by the government itself, using the highest level of decision-making authority via County ordinances. In addition, these constraints can only be removed or changed through formal action by the Council.

Assigned – Includes fund balance amounts intended to be used for specific purposes. It is County policy that the County Executive assigns fund balance amounts in the General Fund at the recommendation of both the Director of Finance and the Budget Administrator. In addition, GASB 54 requires all residual amounts in special revenue funds to be reported as assigned.

Unassigned - Represents the residual fund balance of the General Fund (cannot be reported in other Governmental Funds unless amount is reported negative) after the above fund balance categories are reported.

P. Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis" of both the General Fund and Agricultural Land Preservation Fund are prepared on a basis consistent with their budgets and are reported within the basic financial statements. The "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis" for Non-major Special Revenue Funds are prepared on a basis consistent with those budgets and are presented as supplementary information. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as expenditures of the current period, including certain contractual services. Also, the budgets include appropriations of prior year fund balances as other sources in the current year. The "Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds" is prepared on a basis consistent with GAAP wherein encumbrances are treated only as an assignment of fund balance, prior year fund balances are not included as other sources, and contractual services/expenditures are recorded on a modified accrual basis.

The financial statements are reconciled below:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - revenues and other sources over expenditures and other uses	$ 38,622,609	1,238,978
Adjustments:		
Current year encumbrances outstanding	13,171,759	-
Prior year encumbrances expended this year	(10,896,279)	-
Effect of recording contractual service expenditures modified accrual basis	(9,962,638)	-
Other	745,755	-
GAAP basis - net change in fund balances	**$ 31,681,206**	**1,238,978**

Q. Budget Stabilization Account

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in emergency situations or in cases of revenue shortfalls. The County Charter sets a goal of maintaining the account at seven percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2016 budget was prepared, the fiscal year 2014 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2014 audited expenditures. An increase of $2,912,064 was made to the fund in fiscal year 2016, which resulted in achieving the charter target of $64,172,639.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures*	Percentage	Charter Target
2016	2014	$ 916,751,982	7%	$ 64,172,639
2017	2015	$ 962,613,898	7%	$ 67,382,973
2018	2016	$ 1,003,696,671	7%	$ 70,258,767

*Budgetary expenditures and encumbrances less pay-as-you-go expenditures.

R. Net Position Restricted by Enabling Legislation

Net Position restricted by enabling legislation represents accumulated Net Position attributed to revenue sources, such as taxes and fees, which are restricted for specified purposes by State enabling legislation in the County Code. These amounts, which are included with restricted Net Position in the government-wide Statement of Net Position, were as follows at year-end:

Governmental activities	$ 109,620,128
Business-type activities	42,470,585
Component Units	15,574,500
Total	**$167,665,213**

S. Fair Value Measurements

Howard County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

T. Implementation of New Accounting Principles

The County adopted the provisions of two Governmental Accounting Standards Board Statements:

Statement No. 72, "Fair Value Measurement and Application," effective for fiscal years beginning after June 15, 2015. Fair value has been defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement, applying fair value to certain investments, and disclosures related to all fair value measurements. This statement requires a government to use valuation techniques that are appropriate under the circumstances and establishes a hierarchy of inputs to valuation techniques used to measure fair value.

Statement No. 79, "Certain External Investment Pools and Pool Participant," which requires disclosure of specific criteria regarding external investment pools. The County has an investment account with the Maryland Local Government Investment Pool ("MLGIP") which is reported at amortized cost, per the requirements.

2. Equity in Pooled Cash and Cash Equivalents, Investments, and Fair Value Measurement

The County's cash and cash equivalents and investments are managed separately from the Pension and Other Post-Employment Benefits Trust funds and each are discussed separately below.

County's Cash and Cash Equivalents and Investments

The County maintains a cash, cash equivalents, and investment pool that is available for use by all funds except the Pension and Other Post-Employment Benefits Trust funds. Each County fund is allocated interest income based on its share of the investment pool. Except as otherwise legislated, interest income earned by Governmental and Internal Service Funds is transferred to the General Fund.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102% collateralization of deposits. None of the component units have a policy covering deposits. The carrying amount of total deposits, including certificates of deposit, for the County was $18,732,419 and the bank balance was $30,292,581 at fiscal year-end. The bank balance was covered by federal depositary insurance or by collateral held by the County's agent in the County's name. The component units had a combined bank balance of $93,192,988. Of that amount, $1,621,556 was covered by federal depositary insurance or by collateral held in the component unit's name, and $90,831,849 was covered by collateral held in the pledging bank's trust department or by the pledging bank's agent in the component unit's name. The remaining $739,583 of deposits was not collateralized.

Investments: The County has adopted an investment policy that is designed to provide maximum safety and liquidity of funds while providing a reasonable rate of return. Permissible investments include U.S. Treasury Obligations, U.S. Government Agency and U.S. Government-Sponsored Enterprises, repurchase agreements, collateralized certificates of deposit, bankers' acceptances, commercial paper, the Maryland Local Government Investment Pool, and mutual funds dealing in government securities. The County's policy and State law require that the underlying collateral for repurchase agreements and certificates of deposit must have a market value of at least 102% of the investment's cost plus accrued interest.

The County's policy is more restrictive than State law, limiting the percentage of total portfolio that can be invested in certain investment types. These investment types, and the maximum percentage of the portfolio that can be invested in each are: U.S. Treasury Obligations – 100%, U.S. Government Agency and U.S. Government-Sponsored Enterprises – 90%, repurchase agreements – 90%, collateralized certificates of deposit – 5%, bankers' acceptances – 30%, commercial paper – 5%, and mutual funds – 60%. State law places no limits

on these types of investments. Another restriction the County has is to limit the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. In addition, all component units have investment policies.

The table below reconciles the County's deposits ($18,732,419) and the investments ($1,370,847,011) to the government-wide Statement of Net Position and the Statement of Fiduciary Net Position – Pension and Other Post-Employment Benefits Trust Funds and Agency Funds:

Equity in pooled cash and cash equivalents	$ 266,527,373
Restricted equity in pooled cash and cash equivalents	174,414,613
Investments *	948,637,444
Total	**$ 1,389,579,430**

* Comprises U.S. Government securities of $55,844,522 and Pension/OPEB investments of $892,792,922.

Investments of the County and its component units at fiscal year-end:

Investments	Primary Government	Component Units	Reporting Entity
U.S. Government securities	$ 55,844,522	-	55,844,522
U.S. Government - Sponsored Enterprises	243,095,780	-	243,095,780
Commercial Paper	24,853,808	-	24,853,808
Maryland Local Govt. Investment Pool	149,251,059	85,887,914	235,138,973
Money market funds	5,008,921	312,465	5,321,386
Mutual funds	-	10,091,729	10,091,729
Treasury Bills	-	710,575	710,575
Equity in properties under home ownership	-	5,768,695	5,768,695
Total	**$ 478,054,090**	**102,771,378**	**580,825,468**

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2016:

	Fair Value Measurements Using		
Investments by fair value level	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government securities	$ 55,844,522	-	-
U.S. Government - Sponsored Enterprises	-	243,095,780	-
Total investments by fair value level *	**$ 55,844,522**	**$ 243,095,780**	**$ -**

*Does not include commercial paper of $24,853,808 and cash and money market funds totaling $154,259,980, which represents securities that have remaining maturities of less than 1 year are measured at amortized cost.

	Component Unit Fair Value Measurements Using		
Investments by fair value level	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)*
Treasury bills	$ 710,575	-	-
Fixed income	672,104	-	-
Mutual funds	1,822,019	-	-
Interest in external investment pool	-	-	7,485,587
Interest in irrevocable trust	-	112,019	-
Total investments by fair value level	**$ 3,204,698**	**112,019**	**7,485,587**

Note: Howard County Housing Commission reports Equity in properties under home ownership of $5,768,695 at NAV.

* The Howard Community College Educational Foundation's interest in an external investment pool have no readily determined market value and are valued at fair value as estimated by the University System of Maryland Foundation (USMF). USMF's management estimates fair value of the underlying market values of the investments. Because of the inherent uncertainty of the valuation, it is reasonably possible that such estimated values may differ from the values that would have been used had a ready market for the securities existed.

Interest Rate Risk: The County's investment policy requires that the majority of investments have a maturity of one year or less, except for U.S. Treasury stripped coupon securities purchased as part of the Agricultural Land Preservation Program (see Note 7). These securities have no coupon and have long-term maturity lengths; therefore, they are very interest-rate sensitive. If market interest rates were to rise, the market value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the market value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity.

At fiscal year-end, the County did not have any callable investments. Therefore, all investment maturity dates were considered when calculating the weighted average maturity.

The following is a list of County investments included in the computation of weighted average maturities:

Investment Type	Fair Value/ Amortized Cost	Weighted Average Maturity (in years)
U.S. Government securities	$ 55,844,522	4.73
U.S. Government - Sponsored Enterprises	243,095,780	0.73
Commercial Paper	24,853,808	0.27
Total	**$ 323,794,110**	
Portfolio weighted average maturity		1.38

The Maryland Local Government Investment Pool and the money market funds used by the County are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940. The County's investments in these pools are not included in the computation of weighted average maturity.

Credit Risk: State law limits investments in bankers' acceptances and commercial paper to the highest short-term debt letter and numerical rating by at least one nationally recognized statistical rating organization. All investments in U.S. Government Sponsored Enterprises are rated AA+ by Standard & Poor's. The Maryland Local Government Investment Pool and the money market fund are both rated AAAm by Standard & Poor's. Investments in short-term commercial paper is rated P-1 by Moody's Investor Services.

Concentration of Credit Risk: The County's investment policy places no limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in the Federal Home Loan Bank, Federal Farm Credit Bank, the Federal Agricultural Mortgage Corporation and Federal National Mortgage Association. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 75.08% of the County's total investments.

Pension Trust Funds' Cash and Investments

The County's Pension Trust funds, the Howard County Police and Fire Employees' Retirement Plan, and the Howard County Retirement Plan (the Plans), share commingled funds that are allocated based on each Plan's percentage of ownership. The Plans have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Plans employ State Street Bank as trustee for their assets.

Investment: The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	30.0%	40.0%	50.0%
Alternative Investments	15.0%	22.5%	27.5%
Fixed Income	20.0%	30.0%	40.0%
Real Assets	2.5%	7.5%	12.5%

Investments of the Plans at fiscal year-end:

Investments	Fair Value/NAV
Equities	$ 339,416,652
Alternative investments	178,489,563
Money market funds	13,448,558
Fixed income	240,292,768
Real assets	39,255,154
Total	**$ 810,902,695**

Interest rate risk: The Plans' investment policy does not place any limits on the professional investment managers with respect to the duration of investments managed for the Plans. Following is a list of County Plan investments included in the computation of weighted average maturities.

Investment Type	Fair Value/ NAV	Weighted Average Maturity (in years)
Corporate bonds	$ 53,628,102	12.30
U.S. Government - Sponsored Enterprises	31,819,650	22.21
Government Issued/Treasuries	11,958,715	1.20
Collateralized mortgage obligations	4,772,089	25.59
Municipal securities	3,097,986	14.92
Credit card receivable	586,001	3.64
Total	$ 105,862,543	
Portfolio weighted average maturity		14.65

Credit Risk: The money market fund used by State Street Bank is unrated, as are the mutual funds used by the Plans. At fiscal year-end, the Plans' fixed income investments had the following risk characteristics:

Standard & Poor's Rating or Comparable	Fair Value
AAA to A-	$ 8,712,817
BBB to B	48,599,272
Total	**$ 57,312,089**

Custodial Credit Risk: State Street Bank invests in Government Short-Term Investment Fund (GSTIF) on behalf of the Plans. At fiscal year-end, the amount in this fund at fair value was $13,375,067 which was partially used for settlement of open purchases of $3,081,251. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk – Currency Forward Contract: One of the Plans' investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plans have participated in a mutual fund that holds three-month currency forward contracts. This strategy is undertaken to protect the dollar value of underlying international investments. The hedging is restricted to 100% of the underlying asset value and 50% of the total Fund value. At fiscal year-end, there were no hedges in place.

Foreign Currency Risk: The Plans' exposure to foreign currency risk derives from its investments in foreign currency or instruments denominated in foreign currency. Investments in such securities are limited to a maximum net currency exposure of 40.0% at any given time. At year-end, the Plans' had no exposure to foreign currency risk.

Pension Trust Funds' Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. It has the following recurring fair value measurements as of June 30, 2016:

		Fair Value Measurement Using		
	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Collaterized Mortgage Obligations(Fannie Mae and Freddie Mac)	4,772,089	-	4,772,089	-
Corporate bonds	53,628,102	-	53,628,102	-
Credit card receivables	586,001	-	586,001	-
Commingled Funds (fixed income)	70,945,684	-	70,945,684	-
FHLMC and FNMA bonds	31,819,650	-	31,819,650	-
U.S. Treasury securities	11,958,715	11,958,715	-	-
Municipals bonds	3,097,986	-	3,097,986	-
Preferred stock	1,238,325	1,238,325	-	-
Treasury Inflation Protected Securities	21,226,230	-	21,226,230	-
Total debt securities	199,272,782	13,197,040	186,075,742	-
Equity securities				
Common Stocks	170,533,194	170,533,194	-	-
Depository Receipts	1,248,970	1,248,970	-	-
Small Company Portfolio	20,300,750	20,300,750	-	-
Emerging Markets Value Portfolio	47,713,914	47,713,914	-	-
Real Estate Investment Trusts (REITS)	3,753,961	3,753,961		
Total equity securities	243,550,789	243,550,789	-	-
Total investment by fair value level	442,823,571	256,747,829	186,075,742	-
Investments measured at the net asset value (NAV)				
Private equity funds	122,167,758			
Equity hedge funds	97,341,790			
Real assets funds	39,255,154			
International equity funds	36,750,895			
Commingled funds	59,114,969			
Total investments measured at the NAV	354,630,566			
Total investments measured at fair value/NAV*	797,454,137			

*Does not include money market funds totaling $13,448,558, which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Fixed income securities are priced on a daily basis, market to market, using third party pricing sources.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented below:

	Fair Value	Unfunded Commitments	Frequency (if Currently Eligible)	Notice Period
Private equity funds	$ 122,167,758	69,261,437		
Equity Hedge fund 1	48,750,019		Quarterly	65 days
Equity Hedge fund 2	48,591,771		Semi Annually	95 days
Real assets funds	39,255,154	27,472,942		
International equity funds	36,750,895		Monthly	15 days
Commingled funds	59,114,969		Daily	5 days
	$ 354,630,566			

Private Equity Funds: This represents investments that are entirely through fund of funds ("FOF") vehicles and will invest in both debt and equity strategies. Exposures are diversified by manager, region, strategy and vintage year. Managers retained will pursue distressed debt, venture, or buyout strategies. This type will also include investment in the private equity secondary market. The FOF investments will have 10 – 40 underlying managers/funds building broad exposures for diversified performance. These funds have liquidity restrictions for the life of the investment, 7 – 10 years. Options for exit are limited to sale on the secondary market. Capital commitments are made to these types of investments and funds are invested through a call down structure.

Equity Hedge Funds: This represents investments in two Hedge Fund of Fund ("FOF") managers. Each FOF manager invests in underlying hedge funds to provide a broadly diversified portfolio. One invests with 90 – 100 underlying managers/funds to execute its global market strategy. The other invests in 20 – 40 underlying managers/funds in a relative value mandate. The hedge fund strategy is designed to diversify by manager/fund to reduce single manager/fund risk while offering portfolio diversification and provide a return profile that is uncorrelated to the rest of the assets in the portfolio. The fair values of the investments are determined using the NAV per share (or its equivalent) of the investments. These funds have liquidity restrictions of 3 to 6 months.

Real Assets Funds: This represents funds that invest in institutional real estate (office, multi-family, industrial, and retail) and natural resources strategies. The fair values of the investments in these strategies are determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partnership's capital. The real estate strategies deployed include a US focused property strategy (core to core plus) and a global fund of funds ("FOF") strategy. The global FOF manager will invest in 20 – 30 underlying managers/funds. The natural resources investments are through FOF strategies. The natural resource managers will invest in 10 – 25 underlying relationships as they build a diversified portfolio with exposure to oil, natural gas, agriculture, timber and other natural resources. Capital commitments are made to these types of investments and funds are invested through a call down structure. These funds have liquidity restrictions for the life of the investment, 7 – 10 years. Options for exit are limited to sale on the secondary market.

International Equity Funds: This represents investments primarily in value oriented equity securities of international developed markets (non-U.S. issuers; e.g. MSCI EAFE) with the objective of achieving a long-term return above a passive benchmark (EAFE). This manager focuses on a dividend discount model value based philosophy for publicly traded equity. All securities are recorded at fair value. Foreign securities are valued on the basis of quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars using current exchange rates. The Fund may enter into forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar-denominated investment securities.

Commingled Fund: This represents investments primarily in growth oriented equity securities of international developed markets (non U.S. issuers; e.g. MSCI EAFE). The objective of this fund is to achieve long-term growth of capital and a return above a passive benchmark (EAFE) by identifying publically traded equities with strong growth prospects. NAVs are normally calculated as of 4:00 pm Eastern Time for each business day the relevant exchange (usually the NYSE) is open. Securities for which market quotations are readily available and reliable are to be valued using the applicable market quotations.

Other Post-Employment Benefits (OPEB) Trust Funds' Cash, Cash Equivalents and Investments

The County's OPEB Trust funds have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Trust employs U.S. Bank as the custodian of its assets.

Investments: The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	39.0%	65.0%	99.0%
Fixed Income	20.0%	35.0%	60.0%

Investments of the Plans at fiscal year-end:

Investments	Fair Value/Amortized Cost	
Cash	$	37,973
Mutual Funds		81,752,073
Money market funds		100,181
Total	**$**	**81,890,227**

Credit Risk: The Maryland Local Government Investment Pool, listed as Mutual Funds in the above schedule, is rated AAA by Standard & Poor's. The money market funds used by U.S. Bank are unrated, as are the mutual funds used by the Plans.

Other Postemployment Benefits (OPEB) Trust Funds' Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. It has the following recurring fair value measurements as of June 30, 2016:

		Fair Value Measurement Using		
Investments by fair value level	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities				
Mutual Funds - Equity	$ 51,518,712	51,518,712	-	-
Mutual Funds - Fixed Income	30,233,361	30,233,361	-	-
Total equity securities	81,752,073	81,752,073	-	-
Total investment by fair value level *	**$ 81,752,073**	81,752,073	-	-

*Does not include cash and money market funds totaling $138,154, which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

3. Receivables

Receivables at fiscal year-end of the County's major individual funds and other aggregate remaining funds (including non-major governmental funds, non-major proprietary funds, internal service funds, and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	General Fund	Agricultural Land Pres Fund	General Capital Proj	Water and Sewer	Non-Major and Other Funds	Total
Property taxes	$ 4,067,660	-	-	257,891	1,049,604	5,375,155
Service billings	-	-	-	12,195,630	23,430	12,219,060
Water and sewer assessments	-	-	-	41,910,585	-	41,910,585
Due from other governments	87,646,829	1,060,317	1,343,528	101,856	10,130,296	100,282,826
Due from component units	7,309,870	-	23,942,390	-	4,249,019	35,501,279
Other	238,399	-	139,691	-	19,744,051	20,122,141
Gross receivables	99,262,758	1,060,317	25,425,609	54,465,962	35,196,400	215,411,046
Less: Allowance for uncollectibles	(1,316,649)	-	-	-	-	(1,316,649)
Total Receivables	$ 97,946,109	1,060,317	25,425,609	54,465,962	35,196,400	214,094,397

Due from other governments consists of uncollected tax and grant revenues from Federal and State governments. Property tax receivables in the proprietary funds are liens on real property that will be sold via the annual tax sale process if not paid. Therefore, no allowance is established.

4. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at fiscal year-end is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Grants Fund	$ 617,945
	Special Recreation Facility	180,422
		798,367
Highway Fund	Library Fund Capital Projects	616,300
	General Capital Projects	52,676,599
		53,292,899
Total		**$ 54,091,266**

The balances are the result of loans made to cover any operating cash deficits.

Transfers:

Interfund transfers for the year consisted of the following:

Fund	General	Capital		Non-Major Special	Internal	Debt	Non-Major	
		General	Non-Major	Revenue	Service	Service	Enterprise	Total In
General	$ -	7,384,622	11,518,161	3,300,018	46,618	-	-	22,249,419
Capital								
General	512,246	-	-	-	-	14,350	282,650	809,246
Non-Major	156,258	-	-	-	-	-	2,525,792	2,682,050
Non-Major Special								
Revenue	16,616	-	-	-	-	-	-	16,616
Debt Service	329,497	1,678,477	-	-	-	-	-	2,007,974
Non-Major Enterprise	447	-	-	-	489,909	-	-	490,356
Total Out	**$ 1,015,064**	**9,063,099**	**11,518,161**	**3,300,018**	**536,527**	**14,350**	**2,808,442**	**28,255,661**

The transfers out from the General Fund are the disbursement of pay-as-you-go funding to various capital projects, funding of bond anticipation note debt service expenditures in excess of interest income, and interest allocation to various funds. Transfers out from the Debt Service Funds are to reimburse the General Fund for expenditures related to the Tax Increment Financing Fund. Transfer tax revenue is dedicated to various functions in the Capital Projects and Non-Major Special Revenue Funds. Part of that revenue is then transferred to the General Fund to cover each function's share of debt service costs for the year. The debt service reserve related to the Tax Increment Financing bonds was transferred out of the General Capital Projects Fund. Transfers out of Non-Major Enterprise Funds are to pay for watershed protection related capital projects.

5. Property Tax and Transfer Tax

The County's real property tax is levied each July 1 on the assessed value certified as of that date for all taxable real property located in the County. Assessed values are established by the Maryland State Department of Assessments and Taxation at 100 percent of estimated market value. The State uses January 1 as the date of finality and processes additions, deletions and corrections throughout the year. A revaluation of all property is required to be completed every three years. County taxes are due and payable, and become a lien on the property, on July 1 of each fiscal year. A discount of ½ percent is allowed if payment is made in July. Property taxes are billed and payable semi-annually on properties designated as "principal residence" unless a taxpayer makes an election to pay annually. The first installment is due by September 30 while the second installment is due December 31. If delinquent, taxes are charged a penalty and interest (1.5 percent) each month that they remain unpaid. If the annual payment election is made, taxes become delinquent October 1 and are charged a penalty and interest (1.5 percent) each month that taxes remain unpaid. Tax lien certificates are sold at a public auction in May or June for properties with delinquent taxes. Property taxes levied during the current year are recorded as receivables and revenue, net of estimated uncollectible amounts of personal property tax. The net receivables uncollected 60 days after year-end are recorded as deferred inflows of resources as described in Note 3.

The Howard County Code imposes a transfer tax upon every instrument of writing conveying title to real or leasehold property offered for sale or lease and recorded in Howard County. The Code specifies that the proceeds shall be distributed to the School Construction Fund (25 percent), the Recreation and Parks Fund (25 percent), the Agricultural Land Preservation Fund (25 percent), the Community Renewal Fund (12-1/2 percent), and the Fire Service Building and Equipment Fund (12-1/2 percent).

6. Capital Assets

Capital asset activity for governmental activities for the fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	$ 561,210,188	11,407,788	5,035,247	567,582,729
Construction in progress	50,614,888	79,551,711	84,172,021	45,994,578
Total capital assets, not being depreciated	611,825,076	90,959,499	89,207,268	613,577,307
Capital assets being depreciated:				
Buildings	354,823,241	3,299,248	432,666	357,689,823
Improvements other than buildings	194,212,821	18,261,855	-	212,474,676
Machinery and equipment	166,341,092	12,653,435	7,479,351	171,515,176
Infrastructure	427,293,644	44,565,579	87,353	471,771,870
Total capital assets, being depreciated	1,142,670,798	78,780,117	7,999,370	1,213,451,545
Less accumulated depreciation for:				
Buildings	92,236,010	7,065,345	18,049	99,283,306
Improvements other than buildings	83,251,837	11,792,886	-	95,044,723
Machinery and equipment	108,801,659	12,852,370	7,380,848	114,273,181
Infrastructure	191,721,235	12,581,982	38,217	204,265,000
Total accumulated depreciation	476,010,741	44,292,583 *	7,437,114	512,866,210
Total capital assets, being depreciated, net	666,660,057	34,487,534	562,256	700,585,335
Governmental activities capital assets, net	$ 1,278,485,133	125,447,033	89,769,524	1,314,162,642

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental activities:	Amount
General government	$ 1,667,941
Public safety	4,882,879
Public facilities	23,919,635
Legislative and judicial	24,617
Community services	302,961
Recreation and parks	5,338,443
Education	1,437,205
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	6,651,032
Total depreciation expense - governmental activities	$ 44,224,713 *

*Transfers of capital assets are processed via the gross method, wherein the original acquisition cost and accumulated depreciation amount are transferred separately. Among transfers between governmental and business–type activities the related depreciation expense does not transfer with the asset, resulting in a variance between increases to accumulated depreciation and depreciation expense.

Capital asset activity for business-type activities for the fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land and land improvements	$ 11,400,278	-	-	11,400,278
Construction in progress	26,122,294	26,278,042	32,855,537	19,544,799
Total capital assets, not being depreciated	37,522,572	26,278,042	32,855,537	30,945,077
Capital assets being depreciated:				
Buildings	236,371,056	1,667,142	-	238,038,198
Improvements other than buildings	69,761,819	6,390,488	-	76,152,307
Machinery and equipment	12,813,608	2,040,854	676,919	14,177,543
Infrastructure	679,641,728	30,345,957	-	709,987,685
	998,588,211	40,444,441	676,919	1,038,355,733
Less accumulated depreciation for:				
Buildings	74,031,965	4,677,469	-	78,709,434
Improvements other than buildings	38,823,401	2,706,457	-	41,529,858
Machinery and equipment	3,736,194	1,072,286	676,444	4,132,036
Infrastructure	269,427,350	13,897,575	-	283,324,925
	386,018,910	22,353,787	676,444	407,696,253
Total capital assets, being depreciated, net	612,569,301	18,090,654	475	630,659,480
Business-type activities capital assets, net	$ 650,091,873	44,368,696	32,856,012	661,604,557

Depreciation expense was charged to functions/programs of business-type activities as follows:

Business-type activities:	Amount
Water and sewer system	$ 21,608,648
Golf course	38,678
Inter-County Broadband	671,625
Watershed	34,836
Total depreciation expense - business-type activities	$ 22,353,787

Construction Commitments:

Total construction encumbrances outstanding at fiscal year-end were $110,379,690.

7. Long-Term Obligations

A. Primary Government

A summary of long-term debt outstanding for the primary government at fiscal year-end is as follows:

	Due Dates	Interest Rates		Amount Outstanding
Governmental Activities:				
Consolidated public improvement bonds	2017-2036	2 375% to 5 55%	$	959,245,000
Total debt subject to statutory limit				959,245,000
Tax increment financing bonds	2016-2044	4 80% to 6 10%		17,000,000
Compensated absences	various	not applicable		24,876,142
Capital leases	various	1 639% to 2 880%		24,873,547
Net OPEB obligation	various	not applicable		409,349,735
Net pension liability	various	not applicable		146,006,284
Landfill closure obligation	various	not applicable		31,611,000
Agricultural land preservation program	2016-2033	2 19% to 8 60%		98,661,239
Total Governmental Activities			(1) $	1,711,622,947
Business Type Activities:				
Metropolitan district bonds	2017-2046	2 00% to 5 00%		242,755,000
State water quality revolving loan	2016-2031	1 00% to 2 40%		24,507,572
Special facility revenue bonds	2016-2022	2 475%		3,672,000
Compensated absences	various	not applicable		844,993
Net OPEB obligation	various	not applicable		7,398,356
Net pension liability	various	not applicable		2,907,631
Major water and sewer agreements	various	not applicable		986,019
Total Business Type Activities			(2) $	283,071,571
Total			**$**	**1,994,694,518**

Note (1): Does not include deferred refunding premium liability of $91,044,405, unpaid claims of $16,296,841, and other non-current liabilities of $3,680,719 included in the Statement of Net Position.
Note (2): Does not include deferred refunding premium of $9,269,295 included in the Statement of Net Position.

The County is subject to State and County law which limits the amount of applicable General County debt outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At fiscal year-end the statutory debt limit was $2,286,797,440, providing a debt margin of $1,327,552,440. The authorized, unissued General County Bonds, Metropolitan District Bonds, Tax Increment Finance Bonds and Water Quality Bonds at fiscal year-end were $354,069,342, $361,503,155, $50,000,000 and $23,936,000, respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with its debt agreement provisions.

The changes in long-term obligations for the primary government for the fiscal year are as follows:

Governmental Activities:	Beginning Balance	Additions	Retirements		Ending Balance	Amounts Due Within One Year
Consolidated public improvement bonds	945,305,000	97,770,000	83,830,000		959,245,000	63,165,000
State water quality revolving loan	2,475,000	-	2,475,000		-	-
Tax increment financing bonds	17,000,000	-	-		17,000,000	20,000
Compensated absences	23,385,185	3,177,516	1,686,559		24,876,142	292,312
Capital leases	17,893,604	10,058,351	3,078,408		24,873,547	3,320,694
Landfill closure obligation	31,862,000	-	251,000		31,611,000	-
Agricultural land preservation program	96,626,177	4,817,735	2,782,673		98,661,239	9,294,873
Total Governmental Activities	1,134,546,966	115,823,602	94,103,640	(1)	1,156,266,928	76,092,879
Business Type Activities:						
Metropolitan district bonds	230,735,000	26,190,000	14,170,000		242,755,000	10,130,000
State water quality revolving loan	27,678,601	-	3,171,029		24,507,572	3,240,265
Special facility revenue bonds	4,133,000	-	461,000		3,672,000	473,000
Compensated absences	818,469	40,570	14,046		844,993	-
Major water and sewer agreements	1,461,969	-	475,950		986,019	244,500
Total Business Type Activities	264,827,039	26,230,570	18,292,025	(2)	272,765,584	14,087,765
Total	**$ 1,399,374,005**	**142,054,172**	**112,395,665**		**1,429,032,512**	**90,180,644**

Note (1): Does not include deferred refunding premium liability of $91,044,405, unpaid claims of $16,296,841 (including $7,048,193 due within one year), other non-current liabilities of $3,680,719, net OPEB obligations of $409,349,735, and net pension liability of $146,006,284, included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of $9,269,295, net OPEB obligation of $7,398,356, and net pension liability of $2,907,631 included in the Statement of Net Position.

Metropolitan District bonds and their related interest charges are being financed from front foot benefit assessment charges, ad valorem taxes and in-aid-of-construction charges. In the event such revenues and charges are insufficient to finance the debt service, the full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of these bonds.

On March 30, 2016, the County issued $96,040,000 in Consolidated Public Improvement Project and Refunding Bonds 2016 Series A (Tax-exempt Bonds), with a true interest cost of 2.49%, $1,730,000 in Consolidated Public Improvement Project Bonds 2016 Series B (Taxable Bonds), with a true interest cost of 1.92% and $26,190,000 in Metropolitan District Project and Refunding Bonds 2016 Series A, with a true interest cost of 3.04%. The County issued these bonds to refund $22,860,000 and $4,670,000 of Consolidated Public Improvement and Metropolitan District Bonds, respectively; pay off $105,000,000 of Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2014 Series (BANs); reimburse the County for costs related to capital projects; and to pay bond issuance costs. The savings or aggregate difference in debt service from refunding Consolidated Public Improvement Bonds was $1,879,741 and from refunding Metropolitan District Bonds was $994,259. The economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was $1,550,462 and from refunding Metropolitan District Bonds was $746,939.

The County issues debt to finance the construction of certain capital facilities of its component units and to finance major water and sewer projects done in conjunction with the City of Baltimore (the "City") and Baltimore County, which affects the "unrestricted" net position component in the statement of net position.

The following summarizes these situations in which the County is reporting the debt in its financial statements, while the corresponding assets are reported by the other reporting entity.

- The Board of Education (Public School System) and the Community College have no authority to issue bonded debt. The authority rests with the County subject to approval of the Council. The County had approximately $545 million of its net Consolidated Public Improvement general obligation bonds outstanding that is related to capital facilities of the component units at fiscal year-end.

- The Metropolitan District Act requires the City to provide water to the County's Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro rata basis for construction of certain City-owned water and sewer capital projects that serve the Metropolitan District. Since 2004, the County has contributed approximately $65.1 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 15.0% of its net Metropolitan District general obligation bonds outstanding or $36.4 million is related to these facilities at fiscal year-end.

Since 1993, the County has participated in the State Water Quality Revolving Loan Program. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax-exempt financing. As of fiscal year-end, the County has borrowed $91,255,779, of which $77,045,779 was borrowed by the Water and Sewer Enterprise Fund to expand the County's water reclamation. The outstanding balances of these loans are $24,507,572.

Industrial revenue bonds issued by the County for the benefit of private businesses in the County are neither debt of nor charges against the general credit or taxing power of the County. These amounts are not included in general long-term debt (see Note 9).

During fiscal year 1995, the County issued Special Facility Revenue Bonds in the amount of $10,675,000. On June 1, 2003, the County refunded the balance of the Special Facility Revenue Bonds, which was $9,220,000 and issued Golf Course Refunding Bonds in the amount of $9,880,000. On May 30, 2012, the County refunded the balance of the Golf Course Refunding Bonds, which was $5,775,000, and issued a Taxable Golf Course Refunding Note in the amount of $5,400,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at fiscal year-end is $560,000. This reserve will not be available for other purposes until the maturity of the notes on August 15, 2022. If a deficiency exists in the debt service reserve fund securing the note, the County is obligated to restore the amount in the debt service reserve fund to $560,000 not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until the note has been paid in full. This note does not constitute a pledge of the County's full faith and credit or taxing power, but the County's covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County. For fiscal year 2016, the net available revenue and debt service payments were $283,356 and $559,429, respectively.

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included as long-term obligations of the County. At fiscal year-end, $146,780,000 of Consolidated Public Improvement Bonds and $3,110,000 of Metropolitan District Bonds were considered defeased.

Under its Agricultural Land Preservation Program, the County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. The County acquires the development rights to the land in perpetuity. Historically, under the terms of the agreement, the County paid the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price until maturity. The remaining amount of the purchase price was paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchased stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (see Note 2). Under the current program, the County pays five or ten percent of the purchase price at closing, with equal annual principal payments over 15 or 20 years with interest.

Special Obligation Bonds

On March 11, 2014, the County issued its first Special Obligation Tax Increment Financing (TIF) Bonds in the amount of $17 million, with an overall true interest cost of 6.148%. The proceeds were be used to construct a 704-space parking garage on 12.73 acres of land dedicated for commuter rail patrons. The County had previously designated the 12.73 acres as a Tax Increment Financing District, at the site of the MARC Savage Commuter Rail Station. The land is state-owned, thus no real property taxes were paid to the County for this property. However, County management anticipates opportunities for local economic development by putting tax-exempt property on the local tax roll while improving transportation infrastructure.

A companion special tax district has been created as a backup for the Special Obligation TIF bonds. Special taxes will be imposed on property owners located within the special tax district in any year where the tax increment collections are lower than the next year's debt service obligation and TIF District expenses. The special taxes are also to be pledged for the repayment of the Special Obligation TIF bonds.

These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the real property tax increment to be realized from the TIF District, any special taxes imposed and collected from the companion Special Tax District, and any Base Realignment and Closure (BRAC) Zone Grant awarded by the State of Maryland. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is $35,748,341. A reserve fund in the amount of $1,678,465 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2044. Additionally, as of fiscal year end, $807,364 is being held by an escrow agent for fiscal year 2017 debt service. Pledged revenues of $132,847 were recognized in fiscal year 2016. The debt of $17,000,000 is included in the primary government's long-term debt on the Statement of Net Position.

The bond offering is part of an overall Public Private Partnership (P3) development project known as Annapolis Junction Town Center. When completed, the entire development project will be a comprehensive mixed-use State Transit-Oriented Development (TOD) and will include 100,000 square feet of Class A office space, 416 luxury apartment units, a 150-room hotel, 17,250 square feet of retail space and the 700-space parking garage (financed by the TIF). The project will also include two additional parking garages, to be funded privately, to separately support parking needs for businesses and residents.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term obligations at fiscal year-end are below.

Debt service requirements of governmental activities:

Year ending	General County Bonds		Agricultural Land Program	
June 30:	Principal	Interest*	Principal	Interest
2017	$ 63,165,000	40,672,639	9,294,873	5,479,845
2018	61,445,000	37,888,541	4,443,673	4,956,064
2019	61,450,000	34,899,241	3,435,673	4,800,617
2020	63,000,000	31,813,354	16,262,673	4,450,484
2021	62,390,000	28,936,254	17,041,673	3,212,104
2022-2026	318,775,000	101,262,654	27,344,365	7,742,077
2027-2031	236,635,000	42,708,909	19,278,968	1,394,854
2032-2036	92,385,000	7,274,502	1,559,341	61,576
Total	$ 959,245,000	325,456,094	98,661,239	32,097,621

*Includes administrative fees

Debt service requirements of TIF governmental activities:

Year ending June 30:	Tax Increment Financing Bonds		
	Principal	Interest	Annual Debt Service
2017	$ 20,000	1,012,565	1,032,565
2018	40,000	1,011,605	1,051,605
2019	65,000	1,009,685	1,074,685
2020	90,000	1,006,565	1,096,565
2021	115,000	1,002,245	1,117,245
2022-2026	1,040,000	4,896,985	5,936,985
2027-2031	2,045,000	4,499,185	6,544,185
2032-2036	3,475,000	3,748,995	7,223,995
2037-2041	5,510,000	2,469,890	7,979,890
2042-2044	4,600,000	576,450	5,176,450
Total	$ 17,000,000	21,234,170	38,234,170

Debt service requirements of business-type activities:

Year ending	Metro District Bonds		Special Facility Revenue Bonds		Water Quality	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest *
2017	$ 10,130,000	9,101,803	473,000	85,553	3,240,265	688,582
2018	10,190,000	8,845,181	485,000	73,710	3,311,048	617,798
2019	10,540,000	8,482,668	497,000	61,570	3,383,413	545,433
2020	10,670,000	8,101,462	510,000	49,123	3,457,397	471,449
2021	9,315,000	7,734,531	522,000	36,364	3,533,036	395,810
2022-2026	48,650,000	33,072,887	1,185,000	25,883	6,514,001	622,755
2027-2031	47,425,000	23,754,257	-	-	1,068,412	89,370
2032-2036	44,185,000	15,109,428	-	-	-	-
2037-2041	37,465,000	6,631,413	-	-	-	-
2042-2045	14,185,000	1,213,586	-	-	-	-
Total	$ 242,755,000	122,047,216	3,672,000	332,203	24,507,572	3,431,197

*Includes administrative fees

B. Component Units

The changes in long-term obligations for the component units for the fiscal year are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Public School System:				
Capital leases, workers compensation, compensated absences and net pension liability	$ 56,392,545	17,152,919	5,703,200	67,842,264
Community College:				
Compensated absences and net pension liability	4,314,692	990,625	457,431	4,847,886
Library:				
Compensated absences	1,044,276	930,159	865,069	1,109,366
Housing:				
Loans, compensated absences and net pension liability	139,689,344	23,801,708	2,575,857	160,915,195
Total	**$ 201,440,857**	**42,875,411**	**9,601,557**	**234,714,711**

8. Short-Term Debt

The changes in short-term debt for the primary government for the fiscal year are as follows:

Type	Beginning Balance	Issued	Retired	Ending Balance
Bond Anticipation Notes	$ -	154,500,000	105,000,000	49,500,000
Total	**$ -**	**154,500,000**	**105,000,000**	**49,500,000**

Bond anticipation notes (BANS) are issued to finance expenditures of certain capital projects and will be repaid from the proceeds when the County issues debt.

9. Conduit Debt

From time-to-time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Multi-Family Rental Housing Revenue Bonds, and Recovery Zone Facility Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At fiscal year-end, there were 21 series of conduit debt outstanding. The aggregate principal amount outstanding for the 10 series issued after July 1, 1996 was $80,627,459. The aggregate principal amount outstanding for the 11 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled $72,081,000.

10. Lease Obligations

A. Operating Leases – Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the fiscal year amounted to $1,747,955.

Future lease payments including any agreed-upon percentage increases are as follows:

Fiscal Year		
2017	$	1,430,202
2018		859,356
2019		773,356
2020		773,356
2021		661,135
2022-2026		738,595

The County, as lessor, leases County-owned tower space under various long-term operating lease agreements.

Lease revenues for the year amounted to $1,945,404. Future lease revenues are as follows:

Fiscal Year		
2017	$	1,569,869
2018		1,293,532
2019		1,235,360
2020		1,168,487
2021		930,744
2022-2026		4,041,801

B. Capital Leases

The County maintains lease agreements with Grant Capital Management Inc., First Niagara Leasing and TD Asset Management Fund, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates of the leases.

The assets acquired and placed in service are as follows:

Machinery and equipment	$	16,070,087
Less: accumulated depreciation		(2,683,108)
Total asset value under capital leases	$	13,386,979

The leases have maturity dates ranging from October 2016 to June 2030. The County makes annual principal and interest payments.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

Year ending June 30:	Activities
2017	$ 4,292,599
2018	4,483,048
2019	4,536,131
2020	3,515,485
2021	2,496,086
2022-2026	10,055,389
Total minimum lease payments	29,378,738
Less: amount representing interest	(4,505,191)
Present value of minimum lease payments	**$ 24,873,547**

11. Restricted Assets

Federal and State grants, golf course receivables, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions, and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. Developer contributions primarily represent water and sewer projects constructed by developers on behalf of the County in connection with the development of privately owned property. The agreements between the developers and the County relating to such projects provide for specific rebates of construction costs to the developer from bond proceeds based upon house connections within a ten year period. Any amounts not rebated at the end of 10 years are recognized as contributed revenue. The cumulative amounts of other non-operating revenues are available for construction activities and reflected as restricted Net Position. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds that are legally restricted for special purposes such as public housing projects.

12. Landfill Closure and Post-Closure Care Cost

State and Federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each fiscal year-end. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in fiscal year 2000. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating cost are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate $39,685,883. Actual costs may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997 and, thus, it is not expected to use the landfill to its full capacity in the foreseeable future. The County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. At fiscal year-end, the County has recognized $31,611,000 of these costs. This cumulative amount reported to date is based on the use of 69.65 percent of the existing cell and 100 percent of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is $8,074,883. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

13. Retirement Plans

Summary of Significant Accounting Policies

Pension: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Retirement Plan (HCRP) and Police and Fire Employees' Plan (PFEP) and additions to/ deductions from the two plans' fiduciary net position have been determined on the same basis as they were reported by each plan as of June 30, 2015. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments were reported at fair value.

General Information about the Pension Plans

Plan description: The Howard County Retirement Plan ("Retirement Plan") and the Howard County Police and Fire Plan ("Police and Fire Plan") are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland, which provide retirement benefits as well as death and disability benefits and cost-of-living adjustments.

The Plans were established and operate under the provisions of the Howard County Code, Sections 1.400, 1.401 to 1.478, and 1.401A to 1.478A. Essentially all the County full-time benefited and part-time benefited employees are eligible to participate in one of the Retirement Plans, except for certain exceptions provided for in Howard County Code Section 1.406.

Responsibilities for administration and operation of the Retirement Plan and Police and Fire Plan vest in Retirement Committees with seven members each ("Committees"). The Committees have authority to establish and amend the respective benefit and contribution provisions.

Generally, the majority of employees of the primary government, except certain police and fire officers, participate in the Retirement Plan, which was established July 1, 1995. As of that date, approximately 73 percent of the County employees participating in the Maryland State Retirement Systems, described below, transferred to the Retirement Plan. Certain police and fire personnel participate in the Police and Fire Plan, which was established July 1, 1990.

The remaining employees of the primary government participate in the State Employees Retirement System ("Retirement System") established October 1, 1941, and the State Employees' Pension System ("Pension System") established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees ("Trustees").

Both the Retirement Plan and the Police and Fire Plan issue separate audited financial reports which may be obtained by writing to: Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or by accessing the reports online at www.howardcountymd.gov.

Howard County Retirement Plan:

Benefits provided: Under the Retirement Plan, participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary.

A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Participating general employees with 30 years of eligibility service, regardless of age, or who attain the age of 62 and older, with two to five years of eligibility service (for a total of 67 years), are entitled to a normal retirement benefit. For creditable service earned prior to June 30, 2012, the benefit is 1.55% of the participant's average compensation times the participant's creditable service; for creditable service after July 1, 2012, the multiplier is 1.66%. The Plan permits early retirement for participants who attain the age of 55 with at least 15 years of Eligibility Service or have 25 years of eligibility service, regardless of age. For early retirement, the benefit is reduced by 0.5% for each month that the benefit begins prior to normal retirement date.

For participating AFSCME Local 3085, the benefit is 1.66% of the participant's average compensation times all years of creditable service.

Participating Corrections employees are entitled to receive a normal retirement benefit of 2.5% of average compensation multiplied by years of creditable service (up to 20 years) plus 1.0% of average compensation multiplied by creditable service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1.0% of average compensation). Normal retirement is the attainment of age 62 and older, with two to five years of eligibility service (for a total of 67 years), or the completion of 20 years of eligibility service regardless of age.

Annually, the retirement benefits are adjusted for cost of living adjustment ("COLA"). The Plan uses the Consumer Price Index ("CPI-U") for the Washington/Baltimore area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. Maximum annual COLA is 3%.

Employees covered by benefit terms: At July 1, 2014 and 2013, the following employees were covered by the benefit terms:

	2014	2013
Inactive employees or beneficiaries currently receiving benefits	569	517
Inactive employees entitled to but not yet receiving benefits	191	189
Active employees	1,669	1,596
Total	**2,429**	**2,302**

Contributions: The Plan is authorized to establish or amend the obligation to make contributions under the provisions of Sections 1.423 and 1.465 of the Howard County Code. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Participant contributions are 8.5% of base pay for participating Corrections participants with less than 20 years of creditable service, 0% for Corrections participants with greater than 20 years of creditable service, and, effective January 1, 2014, 3.0% of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan which was 13.5% and 13.1% of covered payroll in fiscal years 2015 and 2014, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 rolled forward to June 30, 2015.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of July 1, 2014 rolled forward to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	Varies by service, 4.0 to 6.75 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the 2014 Experience Study covering the period of July 1, 2009 through June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	40.0%	4.89%
Alternative investments	22.5%	5.33%
Fixed income	30.0%	2.63%
Real assets	7.5%	5.67%
Total	**100.0%**	

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 2.95 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between total actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This discount rate was reduced from 7.75% to 7.50% for fiscal year ended June 30, 2015.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2014	$ 368,831,363	$ 339,576,280	$ 29,255,083
Changes for the year:			
Service cost	14,072,728	-	14,072,728
Interest	27,198,261	-	27,198,261
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,741,076)	-	(2,741,076)
Changes of assumptions	(850,962)	-	(850,962)
Contributions - employer	-	13,967,304	(13,967,304)
Contributions - member	-	3,573,323	(3,573,323)
Net investment income	-	9,983,275	(9,983,275)
Benefit payments, including refunds of employee contributions	(12,375,755)	(12,375,755)	-
Administrative expense	-	(311,597)	311,597
Other changes	-	-	-
Net changes	25,303,196	14,836,550	10,466,646
Balance as of 6/30/2015	**$ 394,134,559**	**$ 354,412,830**	**$ 39,721,729**

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County and the component units participating in the General Employee Plan (Economic Development Authority (1) and Housing Commission), calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's net pension liability	$ 89,549,259	$ 38,693,330	$ (3,821,609)
Economic Development Authority [1]	1,223,259	528,558	(52,204)
Housing Commission	1,156,799	499,841	(49,368)
Total	$ 91,929,317	$ 39,721,729	$ (3,923,181)

[1] Economic Development Authority statements are not included in the County's CAFR due to immateriality

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County and the participating component units recognized pension expense of $11,521,813, and $343,551 respectively. The County and the participating component units reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,349,494
Changes of assumptions	7,798,544	729,396
Net difference between projected and actual earnings on pension plan investments	12,533,555	14,020,892
Contributions subsequent to the measurement date	13,428,152	-
Total	**$ 33,760,251**	**$ 17,099,782**

Other than contributions subsequent to the measurement date ($13,428,152), which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2016	$ (493,680)
2017	(493,680)
2018	(493,682)
2019	4,179,949
2020	1,046,560
Thereafter	(513,150)

Police and Fire Plan:

Benefits provided: All of the County's full-time career police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. The Plan provides retirement benefits as well as death and disability benefits and cost-of-living adjustment.

Participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. Terminated vested employees with less than 20 years of service will receive a benefit equal to 2.5% of average compensation times the number of years of creditable service, payable at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or the designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Employees who attain the age of 62 with at least five years of eligibility service and employees who have completed 20 years of eligibility service, if at least 10 years were served as a covered employee, are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50% (with 20 years of service) to 80% (with 30 years of service) of average compensation for police, and from 50% (with 20 years of service) to 70% (with 30 years of service) of average compensation for firefighters.

Annually, the retirement benefits are adjusted for COLA. The Plan uses the CPI-U for the Washington/Baltimore area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. Maximum annual COLA is 2%.

Employees covered by benefit terms: At July 1, 2014 and 2013, the following employees were covered by the benefit terms:

	2014	2013
Inactive employees or beneficiaries currently receiving benefits	313	298
Inactive employees entitled to but not yet receiving benefits	20	24
Active employees	882	849
Total	**1,215**	**1,171**

The Plan offers a program called Deferred Retirement Option Plan (DROP). This is a voluntary benefit program which offers qualified active Police Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP account is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The account is also credited with the required employee contributions and interest. Adjustments are made for cost-of-living increases awarded to retirees and additional sick leave earned. The payment is made to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. Balance held by plan as of June 30, 2015 is $5,537,624.

Contributions: The Plan is authorized to establish or amend the obligations to make contributions under the provisions of the Howard County Code, Sections 1.423A and 1.465A. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Participant contributions are 11.6% of pay for participating Police Department Employees and 7.7% of pay for participating Fire Department Employees. The County funds the remainder of the cost of its employees' participation in the Police and Fire Plan, which was 32.0% and 31.0% of covered payroll in fiscal years 2015 and 2014, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 rolled forward to June 30, 2015.

Actuarial Assumptions: The total pension liability in the July 1, 2014 actuarial valuation rolled forward to June 30, 2015 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	Varies by service, 4.25 to 7.55 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healty tables with generational projection by Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the 2014 Experience Study covering the period of July 1, 2009 through June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	40.0%	4.89%
Alternative investments	22.5%	5.33%
Fixed income	30.0%	2.63%
Real assets	7.5%	5.67%
Total	**100.0%**	

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 2.95 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between total actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This discount rate was reduced from 7.75% to 7.50% for fiscal year ended June 30, 2015.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2014	$ 492,249,932	$ 410,270,616	$ 81,979,316
Changes for the year:			
Service cost	17,707,535	-	17,707,535
Interest	36,208,469	-	36,208,469
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,596,602)	-	(1,596,602)
Changes of assumptions	16,620,978	-	16,620,978
Contributions - employer	-	22,530,039	(22,530,039)
Contributions - member	-	7,006,494	(7,006,494)
Net investment income	-	11,530,877	(11,530,877)
Benefit payments, including refunds of employee contributions	(18,940,703)	(18,940,703)	-
Administrative expense	-	(368,299)	368,299
Net changes	49,999,677	21,758,408	28,241,269
Balance as of 6/30/2015	**$ 542,249,609**	**$ 432,029,024**	**$ 110,220,585**

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's net pension liability	$ 188,358,798	$ 110,220,585	$ 46,078,316

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of $17,692,343. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,436,942
Changes of assumptions	26,617,345	-
Net difference between projected and actual earnings on pension plan investments	15,698,362	16,572,478
Contributions subsequent to the measurement date	21,636,281	-
Total	**$ 63,951,988**	**$ 18,009,420**

Other than contributions subsequent to the measurement date ($21,636,281), which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2016	$ 1,568,363
2017	1,568,363
2018	1,568,365
2019	7,092,525
2020	3,167,933
Thereafter	9,340,738

Component Units:

Generally, all employees of three of the component units (Board of Education, Howard Community College and Library) are covered by the Maryland State Retirement and Pension System (the System), which is a cost-sharing, multi-employer defined benefit pension plan. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers and employees of participating governmental units. The plans are administered by the State Retirement Agency.

These three component units adopted GASB 68 for the year ended June 30, 2015 and reported their proportionate share of the collective pension amounts calculated by the Maryland State Retirement and Pension System. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportionate share of these component units' net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

As of June 30, 2016, the Howard County School System and Howard County Community College proportions for the System were 0.212% and 0.0124%, respectively, which were substantially the same from their proportions measured as of June 30, 2015. Howard County School System and Howard County Community College reported net pension liabilities of $43,979,901 and $2,579,875, respectively. For the year ended June 30, 2016, Howard County School System and Howard County Community College recognized pension expense of $5,356,836 and $387,675, respectively. Howard County Library has no expense for pension costs, is not responsible for unfunded pension obligation and did not report any net pension liability due to a special funding situation.

Detailed retirement plan information for the component units is available in their current year audited financial statements. The financial statements may be obtained from their respective administrative offices:

Howard County Public School System
10910 Route 108
Ellicott City, Maryland 21042

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

14. Other Post-Employment Benefits (OPEB)

Plan Description

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government, Howard County Library, Mental Health Authority, and Economic Development Authority), and its component units, Howard County Community College and Howard County Public School System.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 13. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of 15 years of County service and, immediately preceding retirement, have been enrolled in a medical, vision or prescription drug insurance plan offered to active employees of the County. The County will pay a percentage of the retiree's health insurance premium based upon these criteria. This percentage varies with the number of years of service attained by the employee. Other retirees who do not meet the eligibility criteria are permitted to participate in the retirees' health insurance program by paying the full premium at the group rate.

The component units provide medical benefits to eligible employees who retire from employment with the entity. The eligibility requirements vary among different entities. Each entity pays a percentage of the health insurance premium based on certain criteria. In addition to medical benefits, the school system offers life insurance benefits to eligible retirees who have provided 10 years of service with the school system and have retired from the Howard County Public School System.

Plan membership at fiscal year-end per the most recent actuarial valuation consisted of the following:

Retirees and beneficiaries receiving benefits	2,791
Active plan members	9,664
Deferred vested terminations	35
Total	12,490

There are no separate financial statements for the Plan.

Basis of Accounting

The Plan's financial information is prepared on the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. The Plan's insurance costs are paid by the retirees, the County and its component units through the County's self-insurance fund (internal service fund).

Funding Policies and Funded Progress

The Plan's funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution (ARC). During the fiscal year, the County contributed $10,000,000 to the trust. The County has re-adopted its eight-year phase-in funding policy due to improvement in the economy. The County budget for fiscal year 2017 includes funding for pay-as-you-go OPEB costs as well as $13,000,000 to the trust.

Per the most recent actuarial valuation which was prepared as of July 1, 2014 and rolled forward for the calculation of the Plan's expense as of 7/1/2015, the actuarial accrued liability (AAL) was $713,222,000 and there was $70,575,392 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was $642,646,608. The annual covered payroll of active employees covered by the Plan was $760,495,549 and the ratio of the UAAL to covered payroll was 84.5%.

The annual required contribution (ARC) amount and OPEB expense per the most recent actuarial valuation report with valuation dates of December 1, 2014 for the Board of Education, and July 1, 2014 for both the General Government and College are presented below. The end-of-year net OPEB obligation (NOO) is calculated below:

	Actuarial Unfunded Accrued Liability (1)	Amortization of Actuarial Unfunded Accrued Liability (2)	Normal Cost (3)	Annual OPEB Cost (AOC) (2)+(3)	ARC Funding (4)	PAYGO Funding (5)	Net OPEB Obligation (NOO) (2)+(3)-(4)-(5)
Schools	$ 434,710,169	25,850,000	19,164,000	45,014,000	6,579,070	15,527,230	22,907,700
College	14,498,749	862,000	979,000	1,841,000	269,073	-	1,571,927
County [1]	193,437,690	11,503,000	10,062,000	21,565,000	3,151,857	11,325,008	7,088,135
	642,646,608	38,215,000	30,205,000	68,420,000	10,000,000	26,852,238	31,567,762
			Beginning balance				387,883,449
			Less NOO amortization				23,067,000
			Plus interest on NOO				20,363,880
			Total NOO				$ 416,748,091

[1] Enterprise fund share of PAYGO funding and net OPEB obligation is $565,809 and $7,398,356 respectively

The Plan's annual OPEB cost (AOC) and the net OPEB obligation of the plan for the current and prior two years were as follows:

Fiscal Year	Annual OPEB Cost (AOC)	% of AOC contributed	Net OPEB Obligation
2014	$ 72,198,000	38%	$ 361,492,137
2015	56,470,000	53%	387,883,449
2016	65,752,000	56%	416,748,091

The Plan's actuarial value of plan assets and actuarial accrued liability as of the implementation year are as follows:

Fiscal Year	Plan Assets	AAL
2011	$ 19,820,099	$ 671,151,000
2012	21,306,000	649,960,000
2013	27,007,000	744,203,000
2014	32,860,000	760,760,000
2015	54,230,000	587,850,000
2016	70,575,392	713,222,000

Actuarial Assumptions

The actuarial methods and significant assumptions used by the actuary are summarized in this note to conform to the disclosure requirements for GASB statements 43 and 45.

Actuarial valuation date	12/1/14 for Board of Ed, 7/1/14 for General Government and 7/1/14 for College (rolled forward for the calculation of Plan's expense as of 7/1/2015)
Actuarial cost method	Projected Unit Credit
Amortization method	Amortized over a closed period of 23 years using level percentage of pay.
Asset valuation method	Fair Value. Assets are assumed to earn a 7.50% return.
Actuarial trend assumption	Medical and prescription drug trend rate applied to FY 2016 is 4.70%. The ultimate rate is 3.9%. Dental trend to be applied is 5.0% for all years
Interest assumption	Discount rate of 5.25%
Salary increases	3.00%

Financial Statements

Summary financial information for the Other Post-Employment Benefits Trust is presented below:

Statement of Net Position

Assets		
Receivables:		
Interest and dividends	$	39
Investments, at fair value:		
Cash		37,973
Mutual funds		81,752,073
Money market funds		100,181
Total assets		81,890,266
Liabilities		
Accounts payable		
Other		598,217
Total liabilities		598,217
Net position held in trust for other post-employment benefits	$	81,292,049

Statement of Changes in Net Position

Additions		
Contributions:		
Employer	$	36,852,238
Total contributions		36,852,238
Investment income (expense):		
Net change in fair value of investments		(83,624)
Interest		352
Dividends		1,593,268
Investment expense		(180,342)
Net investment income		1,329,654
Total additions		38,181,892
Deductions		
Benefits		27,049,285
Administrative expenses		67,478
Total deductions		27,116,763
Change in net position		11,065,129
Net position - beginning of year		70,226,920
Net position - end of year	$	81,292,049

15. Deferred Compensation Plan

Deferred compensation plans are available to all County employees. The plans were established in accordance with Internal Revenue Code Section 457. A deferred compensation plan offers employees an opportunity to defer a portion of their salary along with the related Federal and State income taxes until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of this plan were transferred to custodial accounts and the County no longer reports those assets and liabilities in the Agency Funds of the County.

16. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The reporting entity, excluding the Howard County Public School System, has established two internal service funds to account for and finance its uninsured risks of loss. The reporting entity's risk financing techniques include a combination of risk retention through self-insurance and risk transfer using a risk pool. The Employee Benefits Self-Insurance Fund provides full coverage for employee benefits and long-term disability claims. The Risk Management Self-Insurance Fund provides coverage up to a maximum of $1,000,000 for each automobile liability claim, $1,000,000 for each general liability claim, $100,000 for each property damage claim, and unlimited coverage for each workers' compensation claim.

The reporting entity belongs to the Maryland Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage for the entity's property, general, and automobile liability coverages. LGIT consists of various counties and local municipalities and was created to provide broader insurance coverages than those available from commercial insurers, as well as loss control and risk management services. The County pays an annual premium to LGIT for this coverage.

Liability claims settled by the County in the past five fiscal years have not exceeded the Risk Management Fund's $1,000,000 retention to trigger payment by LGIT; however, a few small property claims have exceeded the $100,000 retention and have been paid by LGIT. All funds and component units of the reporting entity, excluding the Howard County Public School System, participate in the risk management program and make payments to the internal service funds based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior and current year claims and to establish a reserve for future claims and/or catastrophic losses. The Howard County Public School System has its own risk management program.

At fiscal year-end, the combined Net Position for the two internal service funds was a net deficit of ($521,862). The combined claims liability of the two funds, $16,296,841, is based on generally accepted accounting principles, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds' unpaid claims liability in fiscal years 2016 and 2015 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2016	$ 15,179,961	50,645,520	(49,528,640)	16,296,841	7,048,193
2015 *	$ 13,960,015	48,393,647	(47,173,701)	15,179,961	7,072,258

*Claims payments were reclassified for consistency purposes

The current portion is included in the non-current liabilities – due within one year and the non-current portion is included in non-current liabilities – due in more than one year, on the government-wide Statement of Net Position.

17. Individual Fund Disclosure

The General Capital Projects Fund, a major fund, as well as the Public Libraries and Storm Drainage Capital Projects Funds, non-major funds, plan to eliminate their deficit fund balances of ($87,727,182), ($1,355,445) and ($15,028,872), respectively, through receipt of future grant revenues and future bond sales.

The Grants Fund will eliminate its deficit of ($1,908,161) through the receipt of inter-governmental revenues while the Risk Management Self-Insurance Internal Service Fund will eliminate its deficit of ($1,431,746) through increased charge-back funding from other funds in fiscal years 2017 and 2018. Both funds are non-major.

18. Commitments and Contingencies

A. Grants

The County receives grant funds, principally from the U.S. Government, for various County programs. Expenditures from certain of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

B. Construction

The County had $922,923,036 authorized but unobligated capital project appropriations at fiscal year-end.

C. Litigation

The County is a defendant in lawsuits and other claims that occur in the ordinary course of County operations. It is the opinion of the County Solicitor that such lawsuits and claims will not have a material adverse impact on the County's financial condition.

In the case of Comptroller v. Wynne, 431 Md. 147 (2013) the United States Supreme Court ruled in May 2015 that counties are prohibited from collecting personal income taxes from their own residents to the extent that the income was earned from sources in another state where the income is subject to tax by that state. The ruling means that each county in Maryland will see a reduction in income tax revenue, including Howard County. Based on preliminary data as of June 2016, the Comptroller's Office is estimating that the fiscal impact of the ruling on the County will be $3,606,274 of refunds for prior years' taxes, and an estimated reduction of $2.4 million each year going forward. The estimated amount of refunds to be paid has been recorded as a noncurrent liability on the Statement of Net Position and as an assignment of fund balance in the General Fund, as the County will not be required to start reimbursing the State until fiscal year 2017.

D. Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to contracts executed and not yet performed and purchase orders not yet fulfilled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet.

The encumbrance balances for the governmental funds at fiscal year-end are reported as follows:

	Restricted	Committed	Assigned	Total
Major Governmental Funds				
General Fund	$ 662,743	-	16,420,929	17,083,672
Non-Major Governmental Funds	26,615,753	2,164,100	-	28,779,853
Total	$ 27,278,496	2,164,100	16,420,929	45,863,525

Required Supplementary Information

Howard County, Maryland
Howard County Retirement Plan
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2015	2014	2013
Total pension liability			
Service cost	$ 14,073	$ 12,727	Information for
Interest	27,198	24,974	FY 2013 and
Changes of benefit terms	-	3,534	earlier not
Differences between expected and actual experience	(2,741)	-	available.
Changes of assumptions	(851)	10,918	
Benefit payments, including refunds of member contributions	(12,375)	(11,139)	
Net change in total pension liability	25,304	41,014	
Total pension liability - beginning	368,831	327,817	
Total pension liability - ending (a)	$ 394,135	$ 368,831	
Plan fiduciary net position			
Contributions - employer	$ 13,967	$ 12,778	
Contributions - member	3,573	2,979	
Net investment income	9,983	45,956	
Benefit payments, including refunds of member contributions	(12,375)	(11,139)	
Administrative expense	(311)	(283)	
Other	-	-	
Net change in plan fiduciary net position	$ 14,837	$ 50,291	
Plan fiduciary net position - beginning	339,576	289,285	
Plan fiduciary net position - ending (b)	$ 354,413	$ 339,576	
County's net pension liability - ending (a)-(b)	$ 39,722	$ 29,255	
Plan fiduciary net position as a percentage of the total pension liability	89.92%	92.07%	
Total Covered-employee payroll	$ 108,049	$ 100,883	
County's net pension liability as a percentage of covered-employee payroll	36.76%	29.00%	
Expected average remaining service years of all participants	7	7	

Notes to Schedule:

Benefit changes. For General employees not in AFSCME Local 3085 Employees, the multiplier was changed from 1.55% to 1.66% for service earned after June 30, 2012. The Employee contribution percentage was raised from 2.0% to 3.0% effective January 1, 2014.

Changes of assumptions. Effective July 1, 2014, the investment return rate changed from 7.75% to 7.5%. Other economic assumptions and demographic assumptions were updated to reflect the 2009-2013 experience study.

Howard County, Maryland
Howard County Retirement Plan
Schedule of Required Supplementary Information
Schedule of County Contributions
For the Year Ended June 30, 2016

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2015	2014	2013
Actuarially determined contribution	$ 13,967	$ 12,778	Information
Contributions in relation to the actuarially determined contribution	13,967	12,778	for FY 2013
Contribution deficiency (excess)	$ -	$ -	and earlier
			not available
Covered-employee payroll[1]	$ 108,049	$ 100,883	
Contributions as a percentage of covered employee payroll[1]	12.93%	12.67%	

[1] Amounts shown are based on total compensation and not just pensionable earnings only.

Notes to Schedule

Valuation date:
Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions and assumptions used to determine all contributions in the past would not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 8 to 25 years.
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by service. 4.00 to 6.75 percent, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA
Cost-of-Living Increases	2.75%

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2015	2014	2013
Total pension liability			
Service cost	$ 17,709	$ 17,535	Information
Interest	36,208	33,630	for FY2013
Changes of benefit terms	-	-	and earlier
Differences between expected and actual experience	(1,597)	-	not available
Changes of assumptions	16,621	14,989	
Benefit payments, including refunds of member contributions	(18,941)	(15,679)	
Net change in total pension liability	50,000	50,475	
Total pension liability - beginning	492,250	441,775	
Total pension liability - ending (a)	$ 542,250	$ 492,250	
Plan fiduciary net position			
Contributions - employer	$ 22,530	$ 20,822	
Contributions - member	7,006	6,526	
Net investment income	11,531	54,733	
Benefit payments, including refunds of member contributions	(18,941)	(15,679)	
Administrative expense	(368)	(271)	
Other	-	-	
Net change in plan fiduciary net position	$ 21,758	$ 66,131	
Plan fiduciary net position - beginning	410,271	344,140	
Plan fiduciary net position - ending (b)	$ 432,029	$ 410,271	
County's net pension liability - ending (a)-(b)	$ 110,221	$ 81,979	
Plan fiduciary net position as a percentage of the total pension liability	79.67%	83.35%	
Total Covered-employee payroll	$ 82,983	$ 80,035	
County's net pension liability as a percentage of covered-employee payroll	132.82%	102.43%	
Expected average remaining service years of all participants	10	9	

Notes to Schedule:

Benefit changes. None

Changes of assumptions. Effective July 1, 2014, the investment return rate changed from 7.75% to 7.5%. Other economic assumptions and demographic assumptions were updated to reflect the 2009-2013 experience study.

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of County Contributions
For the Year Ended June 30, 2016

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2015	2014	2013
Actuarially determined contribution	$ 22,530	$ 20,822	Information
Contributions in relation to the actuarially determined contribution	22,530	20,822	for FY2013
Contribution deficiency (excess)	$ -	$ -	and earlier
			not available
Covered-employee payroll[1]	$ 82,983	$ 80,035	
Contributions as a percentage of covered employee payroll[1]	27 15%	26 02%	

[1] Amounts shown are based on total compensation and not just pensionable earnings only

Notes to Schedule

Valuation date:

Actuarially determined contribution amounts are calcualted as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year
Actuarial valuations are performed every year

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 2 75% per year
Remaining amortization period	Remaining Amortization periods range from 8 to 19 years
Asset valuation method	5-year smoothed market
Inflation	2 75%
Salary increases	Varies by service 4 25% to 7 55%, including inflation
Investment rate of return	7 50%, before expenses, including inflation
Retirement age	Rates vary by participant age and service and (for GASB purposes only) set at 100% at DROP entry (or expected entry) Normal Cost (for GASB purposes) ceases for Police members when they enter DROP since GASB 67 does not allow Normal Cost while in DROP
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA
Cost-of-Living Increases	2 0%

Howard County, Maryland
Required Supplementary Information
Other Post-Employment Benefits Funds
For the Year Ended June 30, 2016

Actuarial valuations are performed every other year Schedule of funding progress for the Howard County Other Post-Employment Benefits Plan for the year ended June 30, 2016 is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/10	$ 19,820,099	671,151,000	3.0%	651,330,901	650,701,932	100.1%
7/1/12	27,007,000	744,203,000	3.6%	717,196,000	715,306,223	100.3%
7/1/14	54,230,000	587,850,000	9.2%	533,620,000	745,749,057	71.6%

Schedule of employer contributions for the Howard County Other Post-Employment Benefits Plan for the year ended June 30, 2016 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/14	$ 73,824,000	27,682,273	37%	361,492,137
6/30/15	57,218,000	30,077,226	53%	387,883,449
6/30/16	68,420,000	36,852,238	54%	416,748,091



Dietary Staff Department of Corrections

The Department of Corrections provides for the safety of the inmates and staff at the Howard County Detention Center by maintaining a humane, clean and orderly living and working environment. The Department strives to protect the public and employees of the Department by providing safe, secure and humane conditions for inmates legally under its authority. Within this framework, the Department offers a variety of inmate programs to help prepare them for release and reduce recidivism.

Combining and Individual Fund Statements and Schedules

The Combining and Individual fund statements and schedules provide detailed information concerning financial position and results of operations.

- **General Fund**
- **Non-Major Governmental Funds**
- **Enterprise Funds-Other**
- **Internal Service Funds**
- **Fiduciary Funds**
- **Capital Assets Used in the Operation of Governmental Funds**
- **Capital Assets Used in the Operation of Enterprise Funds**
- **Long-Term Debt**

General Fund

The General fund is the general operating fund of the County. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Revenues	Final Budget
Property taxes:				
Real, personal and corporate	$ 488,956,500	488,956,500	497,384,260	8,427,760
Payment in lieu of taxes	1,600,000	1,600,000	1,532,546	(67,454)
Additions and abatements	-	-	(104,419)	(104,419)
Interest on taxes	1,000,000	1,000,000	1,134,980	134,980
Tax sale revenue	150,000	150,000	(44,775)	(194,775)
Total property taxes	491,706,500	491,706,500	499,902,592	8,196,092
Other local taxes:				
Heavy equipment	374,900	374,900	759,260	384,360
Local income tax surcharge	407,366,530	407,366,530	433,403,645	26,037,115
Admission tax	2,700,000	2,700,000	2,736,822	36,822
Recordation	21,002,213	21,002,213	23,894,207	2,891,994
Mobile home	628,400	628,400	625,746	(2,654)
Hotel / motel	4,976,000	4,976,000	5,255,864	279,864
Total other local taxes	437,048,043	437,048,043	466,675,544	29,627,501
State shared taxes:				
Highway	1,531,600	1,531,600	2,077,909	546,309
Total state shared taxes	1,531,600	1,531,600	2,077,909	546,309
Revenues from other governments	14,281,452	7,291,988	6,502,073	(789,915)
Charges for services:				
Boarding prisoners	2,110,100	2,110,100	1,888,106	(221,994)
Cable TV franchise fees	5,253,000	5,253,000	6,192,077	939,077
Civil marriage	9,500	9,500	9,850	350
Developer - water and sewer overhead	500,000	500,000	518,804	18,804
Development - review fees	1,750,000	1,750,000	1,097,207	(652,793)
Development - specifications	1,000	1,000	-	(1,000)
Extension development agreement fees	30,000	30,000	46,000	16,000
House type revision fees	177,500	177,500	145,370	(32,130)
Master in chancery fees	133,900	133,900	160,675	26,775
Other charges for services	650,300	150,300	938,387	788,087
Parking meters	149,000	149,000	4,257	(144,743)
Planning and zoning fees	765,000	765,000	892,604	127,604
Police records check	38,000	38,000	30,049	(7,951)
Recreation and parks	70,000	70,000	76,624	6,624
Rental housing inspection fees	1,500,000	1,500,000	1,798,190	298,190
Sale of maps and publications	60,000	60,000	46,390	(13,610)
Sheriff fees	430,000	430,000	395,498	(34,502)
Tax certificates	295,000	295,000	321,494	26,494
Weekender inmate fees	40,000	40,000	31,319	(8,681)
Food and beverage	130,000	130,000	104,863	(25,137)
Total charges for services	14,092,300	13,592,300	14,697,764	1,105,464

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Revenues	Final Budget
Interest on investments	$ 1,102,495	1,102,495	1,292,318	189,823
Licenses and permits:				
Animal licenses	60,500	60,500	56,784	(3,716)
Beer, wine and liquor	281,600	281,600	302,635	21,035
Building	3,610,000	3,610,000	3,700,093	90,093
Electrical	1,076,700	1,076,700	1,392,100	315,400
Marriage licenses	9,000	9,000	-	(9,000)
Marriage license surcharge	62,800	62,800	89,865	27,065
Mobile home park	6,600	6,600	6,450	(150)
Peddlers and solicitors	23,000	23,000	21,482	(1,518)
Plumbing	984,900	984,900	1,112,283	127,383
Signs	47,000	47,000	45,150	(1,850)
Traders	450,500	450,500	473,399	22,899
Total licenses and permits	6,612,600	6,612,600	7,200,241	587,641
Recoveries for interfund services:				
Streetlight districts	25,000	25,000	12,200	(12,800)
Public works operations - utility pro rata	4,126,437	4,126,437	4,126,437	-
Office of law - self insurance	450,144	450,144	450,144	-
Pension plan	200,000	200,000	307,238	107,238
Employee health benefits fund	-	-	52,247	52,247
Public works - water and sewer developer capital projects	450,000	450,000	450,000	-
Waste management pro rata share	1,233,550	1,233,550	1,475,699	242,149
Public works - water & sewer capital projects pro rata share	500,000	500,000	360,000	(140,000)
General County capital projects pro rata share	450,000	450,000	450,000	-
Agricultural land preservation fund	945,162	945,162	945,162	-
Fire and rescue fund	4,931,699	4,931,699	4,931,699	-
Housing and community development	739,813	739,813	739,813	-
Watershed pro rata share	1,271,479	905,542	905,541	(1)
Recreation and parks	-	500,000	500,000	-
Total recoveries for interfund services	15,323,284	15,457,347	15,706,180	248,833
Fines and forfeitures	3,007,200	3,007,200	3,236,844	229,644
Component units return of funding:				
Community college	899,205	899,205	310,225	(588,980)
Public school system	1,762,105	1,762,105	1,762,105	-
Library	-	-	516,000	516,000
Total component units return of funding	2,661,310	2,661,310	2,588,330	(72,980)
Miscellaneous revenues:				
Commissions, rents and concessions	640,000	640,000	531,156	(108,844)
Sale of property and equipment	19,000	19,000	14,631	(4,369)
Other revenue	3,389,270	3,359,270	1,910,671	(1,448,599)
Miscellaneous program revenue	650,000	650,000	720,640	70,640
Other intergovernmental revenue	-	-	1,107	1,107
Sale of surplus property	9,500,000	9,500,000	6,639,010	(2,860,990)
Total miscellaneous revenue	14,198,270	14,168,270	9,817,215	(4,351,055)
Total revenues	1,001,565,054	994,179,653	1,029,697,010	35,517,357
Other sources of financial resources:				
Transfers in:				
Operating transfer	500,000	8,027,256	8,255,154	227,898
Community renewal debt	-	365,937	365,936	(1)
Fire and rescue reserve fund	1,965,700	1,965,700	1,950,674	(15,026)
Recreation program fund	3,765,830	3,765,830	3,763,597	(2,233)
Excise tax debt	5,826,223	5,826,223	5,707,975	(118,248)
Public school system debt	7,203,684	7,203,684	7,225,295	21,611
Capital contributions	2,200,000	(293,061)	-	293,061
Environmental services fund	444,995	444,995	444,994	(1)
Master lease debt service reimbrusement	997,286	997,286	673,012	(324,274)
Capital projects - return of funding	-	-	156,656	156,656
Total transfers in	22,903,718	28,303,850	28,543,293	239,443
Appropriation from fund balance	450,000	2,086,707	-	(2,086,707)
Total revenues and other sources of financial resources	$ 1,024,918,772	1,024,570,210	1,058,240,303	33,670,093

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
General Government						
Office of the County Executive	$ 1,714,020	1,719,020	1,681,694	25,000	1,706,694	12,326
Office of the County Administrator:						
Bureau of staff services:						
Staff services	2,768,703	3,180,627	3,022,473	55,120	3,077,593	103,034
Environmental sustainability	456,841	326,316	325,783	-	325,783	533
Office of human rights	724,371	732,035	731,702	329	732,031	4
Workforce development	220,978	151,574	151,297	-	151,297	277
Total bureau of staff services	4,170,893	4,390,552	4,231,255	55,449	4,286,704	103,848
Bureau of management services:						
Budget division	811,170	808,532	740,833	67,259	808,092	440
Human resources	1,941,311	1,942,750	1,791,330	151,419	1,942,749	1
Purchasing division	1,322,025	1,322,025	1,321,859	124	1,321,983	42
Central services	843,137	633,434	633,431	-	633,431	3
Public information	1,075,574	1,061,817	1,061,813	-	1,061,813	4
Total bureau of management services	5,993,217	5,768,558	5,549,266	218,802	5,768,068	490
Total Office of the County Administrator	10,164,110	10,159,110	9,780,521	274,251	10,054,772	104,338
Department of economic development	2,475,191	2,475,191	2,475,191	-	2,475,191	-
Total dept. of economic development	2,475,191	2,475,191	2,475,191	-	2,475,191	-
Department of finance:						
Office of the Director	2,487,846	2,807,560	2,750,232	57,325	2,807,557	3
Office of the controller	2,349,641	2,143,670	2,078,661	58,711	2,137,372	6,298
Office of Business Management and Customer Service	2,252,549	2,172,837	2,121,968	50,184	2,172,152	685
Bureau of disbursements	948,688	914,657	862,966	48,614	911,580	3,077
Total department of finance	8,038,724	8,038,724	7,813,827	214,834	8,028,661	10,063
Office of law	3,873,274	3,873,274	3,784,302	54,702	3,839,004	34,270
Technology and communication services	272,321	272,321	246,522	-	246,522	25,799
General fund contingency	2,000,000	-	-	-	-	-
Non-departmental	11,094,830	11,434,820	11,381,023	50,000	11,431,023	3,797
Total General Government	39,632,470	37,972,460	37,163,080	618,787	37,781,867	190,593
Legislative and Judicial						
Legislative:						
County council	2,864,314	2,864,314	2,559,156	185,000	2,744,156	120,158
County auditor	1,095,566	1,095,566	995,719	85,518	1,081,237	14,329
Board of license commissioners	126,627	126,627	105,092	-	105,092	21,535
Zoning board	122,874	122,874	111,557	-	111,557	11,317
Board of appeals	101,945	101,945	41,247	-	41,247	60,698
Total legislative	4,311,326	4,311,326	3,812,771	270,518	4,083,289	228,037

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
Judicial:						
Circuit court	$ 2,801,933	2,831,933	2,787,718	-	2,787,718	44,215
Orphan's court	49,225	49,225	46,421	-	46,421	2,804
Sheriff's department	7,728,059	7,728,059	7,320,026	127,726	7,447,752	280,307
State attorney's office	7,828,579	7,803,579	7,673,267	8,708	7,681,975	121,604
Total judicial	18,407,796	18,412,796	17,827,432	136,434	17,963,866	448,930
Board of election supervisors	1,665,672	2,265,672	2,252,917	-	2,252,917	12,755
Election expense	1,586,634	986,634	903,032	17,164	920,196	66,438
Total Legislative and Judicial	25,971,428	25,976,428	24,796,152	424,116	25,220,268	756,160
Public Works						
Department of public works:						
Office of the director	4,938,480	4,878,480	4,845,007	-	4,845,007	33,473
Total office of the director	4,938,480	4,878,480	4,845,007	-	4,845,007	33,473
Bureau of engineering:						
Administrative management division	545,253	495,253	446,036	723	446,759	48,494
Transportation & watershed management	1,314,274	1,322,274	1,294,439	26,161	1,320,600	1,674
Construction inspection division	2,890,379	2,957,379	2,940,523	-	2,940,523	16,856
Survey and drafting division	942,726	894,726	837,656	-	837,656	57,070
Total bureau of engineering	5,692,632	5,669,632	5,518,654	26,884	5,545,538	124,094
Bureau of highways:						
Operations	993,669	1,016,069	1,007,125	-	1,007,125	8,944
Highway maintenance division	16,613,818	18,470,955	15,889,551	2,479,674	18,369,225	101,730
Traffic engineering division	1,710,666	1,825,666	1,270,026	497,196	1,767,222	58,444
Total bureau of highways	19,318,153	21,312,690	18,166,702	2,976,870	21,143,572	169,118
Bureau of facilities:						
Administration	7,432,636	6,226,620	6,042,349	144,146	6,186,495	40,125
Building and ground maintenance	8,590,356	10,069,835	9,658,918	407,136	10,066,054	3,781
Total bureau of facilities	16,022,992	16,296,455	15,701,267	551,282	16,252,549	43,906
Bureau of environmental services:						
Stormwater management	1,272,146	1,087,146	1,070,304	5,865	1,076,169	10,977
Total bureau of environmental services	1,272,146	1,087,146	1,070,304	5,865	1,076,169	10,977
Total department of public works	47,244,403	49,244,403	45,301,934	3,560,901	48,862,835	381,568
Department of inspections, licenses and permits:						
Operations division	1,832,565	2,011,565	1,962,016	45,496	2,007,512	4,053
Inspection and enforcement division	3,218,120	3,114,120	3,104,112	-	3,104,112	10,008
Plan review division	1,246,777	1,171,777	1,139,621	-	1,139,621	32,156
Licenses and permits division	678,813	678,813	672,806	-	672,806	6,007
Total department of inspection, license and permits	6,976,275	6,976,275	6,878,555	45,496	6,924,051	52,224

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
Department of planning and zoning:						
Office of the director	$ 1,577,609	1,851,365	1,417,134	404,439	1,821,573	29,792
Division of land development	1,329,215	1,342,115	1,339,681	-	1,339,681	2,434
Division of research	851,086	775,686	763,533	-	763,533	12,153
Public service and zoning administration	1,067,498	976,462	972,089	-	972,089	4,373
Environmental and community planning	560,825	451,825	443,025	2,152	445,177	6,648
Development engineering division	964,008	961,288	960,744	-	960,744	544
Conservation easements program	443,325	434,825	430,859	108	430,967	3,858
Total department of planning and zoning	6,793,566	6,793,566	6,327,065	406,699	6,733,764	59,802
Soil conservation district	808,515	808,515	808,515	-	808,515	-
Department of transportation	8,535,494	8,535,494	7,762,868	356,587	8,119,455	416,039
Total Public Works	70,358,253	72,358,253	67,078,937	4,369,683	71,448,620	909,633
Public Safety						
Police department:						
Animal control division	1,674,925	1,536,767	1,486,113	50,525	1,536,638	129
Office of the chief	5,678,016	5,629,359	5,529,357	100,000	5,629,357	2
Administrative command	628,794	2,283,929	2,232,291	-	2,232,291	51,638
Command operations	41,026,982	40,189,243	40,147,710	17,687	40,165,397	23,846
Bureau of criminal investigations	14,957,713	15,797,108	15,679,213	88,432	15,767,645	29,463
Special operations bureau	7,220,821	8,234,868	7,824,435	398,396	8,222,831	12,037
Information and technology bureau	16,872,899	15,785,366	15,696,877	88,488	15,785,365	1
Human resource bureau	6,052,928	4,704,027	4,673,074	30,885	4,703,959	68
Management services bureau	9,874,005	9,882,494	9,332,019	550,472	9,882,491	3
Investigations and special operations	311,627	255,549	255,547	-	255,547	2
Total police department	104,298,710	104,298,710	102,856,636	1,324,885	104,181,521	117,189
Department of corrections	16,695,475	16,695,475	16,528,461	136,053	16,664,514	30,961
Total Public Safety	120,994,185	120,994,185	119,385,097	1,460,938	120,846,035	148,150
Recreation and Parks						
Department of recreation and parks	19,603,223	19,603,223	19,322,215	280,492	19,602,707	516
Total Recreation and Parks	19,603,223	19,603,223	19,322,215	280,492	19,602,707	516
Community Services						
Department of social services	569,741	569,741	522,383	-	522,383	47,358
Citizen services administration	8,222,511	8,123,411	8,087,765	-	8,087,765	35,646
Consumer affairs division	415,276	420,976	416,988	-	416,988	3,988
Office on aging	2,253,088	2,346,488	2,340,461	-	2,340,461	6,027
Mental health authority	545,000	545,000	527,000	-	527,000	18,000
Cooperative extension services	482,099	482,099	479,340	-	479,340	2,759
Health department	8,180,645	-	-	-	-	-
General local health services	10,227,352	10,132,434	8,154,063	622,743	8,816,806	1,315,628
Health department grant programs	2,387,370	931,725	604,431	-	604,431	327,294
Total Community Services	33,283,082	23,551,874	21,132,431	622,743	21,795,174	1,756,700

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
County grants in-aid:						
Arts & tourism grants:						
Center of African-American culture	$ 34,600	34,600	34,600	-	34,600	-
African Art Museum of Maryland	12,000	12,000	12,000	-	12,000	-
Ellicott City Partnership	20,000	20,000	20,000	-	20,000	-
Inner Arbor	1,395,000	1,395,000	-	1,395,000	1,395,000	-
Patapsco Heritage greenway	100,000	100,000	100,000	-	100,000	-
Local / regional arts grants	800,000	800,000	800,000	-	800,000	-
Tourism council	1,075,800	1,075,800	1,075,800	-	1,075,800	-
Total arts and tourism grants	3,437,400	3,437,400	2,042,400	1,395,000	3,437,400	-
Civic grants:						
Historical society	70,000	70,000	70,000	-	70,000	-
Total civic grants	70,000	70,000	70,000	-	70,000	-
Community service partnerships human service grants	6,942,001	6,942,001	6,857,222	-	6,857,222	84,779
Total County grants in-aid	10,449,401	10,449,401	8,969,622	1,395,000	10,364,622	84,779
Total Community Services and grants in-ad	43,732,483	34,001,275	30,102,053	2,017,743	32,159,796	1,841,479

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
Education						
Public schools	$ 544,144,625	544,144,625	544,144,625	-	544,144,625	-
Community college	31,000,287	31,000,287	31,000,287	-	31,000,287	-
Library	18,841,541	18,841,541	18,841,541	-	18,841,541	-
Total education	593,986,453	593,986,453	593,986,453	-	593,986,453	-
Debt Service						
Principal:						
Police	368,062	368,053	368,053	-	368,053	-
Schools	27,671,910	27,678,420	27,678,420	-	27,678,420	-
Community college	4,854,540	4,856,944	4,856,944	-	4,856,944	-
Fire	1,070,648	1,070,863	1,070,863	-	1,070,863	-
General County projects	17,354,981	17,360,266	17,360,263	-	17,360,264	2
Recreation and parks	2,124,145	2,123,869	2,123,869	-	2,123,869	-
Community renewal	259,334	259,333	259,333	-	259,333	-
Storm drainage	1,366,842	1,365,919	1,365,919	-	1,365,919	-
Excise bonds	3,564,393	3,539,859	3,539,859	-	3,539,859	-
Environmental services	245,230	245,230	245,230	-	245,230	-
School surcharge	4,564,918	4,576,247	4,576,247	-	4,576,247	-
Master lease financing	2,573,301	2,256,576	2,256,576	-	2,256,576	-
Total principal	66,018,304	65,701,579	65,701,576	-	65,701,577	2
Interest:						
Police	240,253	240,245	239,296	-	239,295	950
Schools	16,990,355	17,014,120	16,958,896	-	16,958,896	55,224
Community college	3,541,340	3,549,508	3,517,549	-	3,517,549	31,959
Fire	895,051	895,813	879,812	-	879,812	16,001
General County projects	10,482,210	10,503,528	10,461,258	-	10,461,258	42,270
Recreation and parks	1,641,684	1,641,145	1,639,728	-	1,639,728	1,417
Community renewal	106,603	106,603	106,603	-	106,603	-
Storm drainage	910,499	908,145	903,043	-	903,043	5,102
Excise bonds	2,261,839	2,179,321	2,168,116	-	2,168,116	11,205
Environmental services	199,765	199,765	199,765	-	199,765	-
School surcharge	2,638,765	2,670,171	2,649,048	-	2,649,048	21,123
Master lease financing	233,609	221,369	187,648	-	187,648	33,721
Total interest	40,141,973	40,129,733	39,910,762	-	39,910,761	218,972
Total Debt Service	106,160,277	105,831,312	105,612,338	-	105,612,338	218,974
Total expenditures and encumbrances before transfers o	1,020,438,772	1,010,723,589	997,446,325	9,171,759	1,006,658,084	4,065,505
Transfers Out:						
Health department	-	8,180,645	8,180,645	-	8,180,645	-
BANS Funding	-	328,965	328,965	-	328,965	-
State's Attorney transfer	-	25,000	-	-	-	25,000
PAYGO other	4,450,000	4,450,010	450,000	4,000,000	4,450,000	10
County share circuit court administration	30,000	-	-	-	-	-
Total Transfers Out	4,480,000	12,984,620	8,959,610	4,000,000	12,959,610	25,010
Total Expenditures, Encumbrances and Transfers Out	$ 1,024,918,772	1,023,708,209	1,006,405,935	13,171,759	1,019,617,694	4,090,515

The accompanying notes are an integral part of these financial statements.



Food Bank

Overseen by the Community Action Council of Howard County (CAC), the Howard County Food Bank provides food to Howard County residents in need. As a healthy food bank, the CAC is committed to alleviating the effects of hunger by providing adequate and nutritious food items to families. CAC distributes fruit and vegetables grown at its community garden and offers educational programs that support healthy eating habits for families. The Food Bank is supported by donations from individuals, groups and community food drives, as well as partners with grocery stores and supermarkets.

Non-Major Governmental Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes or are committed for a particular purpose by action of the County Council.

Capital project funds are used to account for the construction of major capital facilities. These funds are generally financed by bond issues, intergovernmental revenue, and contributions.

Debt service funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
ASSETS				
Equity in pooled cash and cash equivalents	$ 51,735,471	25,399,902	48,493	77,183,866
Cash with fiscal agents	-	-	1,684,441	1,684,441
Receivables:				
Property taxes	606,233	-	-	606,233
Due from other governments	7,490,089	2,640,207	-	10,130,296
Due from other funds	-	53,292,899	-	53,292,899
Due from component units	4,249,019	-	-	4,249,019
Other	2,357,785	12,021	-	2,369,806
Prepaid items	4,680	-	-	4,680
Economic development loans	305,597	-	-	305,597
Housing loans	10,230,319	-	-	10,230,319
Material and supplies	643,672	-	-	643,672
Total assets	77,622,865	81,345,029	1,732,934	160,700,828
LIABILITIES				
Due to other funds	617,945	616,300	-	1,234,245
Accounts payable / accrued liabilities	3,847,889	6,218,628	1,633	10,068,150
Accrued wages and benefits	4,439,343	4,590	-	4,443,933
Short-term loans and notes payable	-	20,347,649	-	20,347,649
Deposits and connection fees	406,895	-	-	406,895
Unearned revenue	6,431,258	174,506	-	6,605,764
Total liabilities	15,743,330	27,361,673	1,633	43,106,636
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	548,796	-	-	548,796
Unavailable fees	1,399,995	-	-	1,399,995
Unavailable grant revenues	4,491,901	384,379	-	4,876,280
Total deferred inflows	6,440,692	384,379	-	6,825,071
Total liabilities and deferred inflows	22,184,022	27,746,052	1,633	49,931,707
FUND BALANCES				
Nonspendable:				
Inventory	643,672	-	-	643,672
Prepaid Items	4,680	-	-	4,680
Restricted for:				
Catalyst loan program	626,333	-	-	626,333
Economic development initiatives	828,618	-	-	828,618
Fire & rescue services	20,861,290	-	-	20,861,290
Forest conservation	3,523,799	-	-	3,523,799
Middle Patuxent environmental area program	31,502	-	-	31,502
Parkland watershed facilities	-	7,855,312	-	7,855,312
Open space	-	444,286	-	444,286
Program revenue	413,080	-	-	413,080
Public road facilities	-	57,019,046	-	57,019,046
Speed enforcement	879,974	-	-	879,974
Storm water construction	-	40,949	-	40,949
Tax incremental financing project	-	-	1,731,301	1,731,301
Committed for:				
Community renewal programs	17,408,192	-	-	17,408,192
Environmental services	13,891,719	-	-	13,891,719
Fire house & training facilities	-	6,130,050	-	6,130,050
Recreation programs	138,358	-	-	138,358
Assigned for:				
Capital projects	-	2,798,912	-	2,798,912
Unassigned	(3,812,374)	(20,689,578)	-	(24,501,952)
Total fund balances	55,438,843	53,598,977	1,731,301	110,769,121
Total liabilities, deferred inflows and fund balances	$ 77,622,865	81,345,029	1,732,934	160,700,828

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
REVENUES				
Property taxes	$ 87,381,876	-	132,847	87,514,723
Other local taxes	3,946,311	20,307,590	-	24,253,901
Revenues from other governments	16,967,043	4,349,194	-	21,316,237
Charges for services	40,627,595	528,906	100,000	41,256,501
Investment income:				
Interest on investments	361,503	301,439	5,968	668,910
Installment interest from housing loans	83,994	-	-	83,994
Fines and forfeitures	1,119,794	-	-	1,119,794
Developer contributions	234,910	4,377,447	-	4,612,357
Miscellaneous program revenue	7,437,444	2,100	28,067	7,467,611
Total revenues	158,160,470	29,866,676	266,882	188,294,028
EXPENDITURES				
Current:				
General government	2,934,115	-	465,261	3,399,376
Legislative and judicial	513,335	-	-	513,335
Public works	29,239,306	-	-	29,239,306
Public safety	88,453,407	-	-	88,453,407
Recreation and parks	18,957,765	-	-	18,957,765
Community services	13,996,458	-	-	13,996,458
Capital improvements	-	59,643,854	-	59,643,854
Total expenditures	154,094,386	59,643,854	465,261	214,203,501
Excess (deficiency) of revenues over expenditures	4,066,084	(29,777,178)	(198,379)	(25,909,473)
OTHER FINANCING SOURCES (USES)				
Bond premium	31,519	4,448,751	-	4,480,270
Capital-related issuance of debt	-	30,908,195	-	30,908,195
Refunding bonds issued	123,309	4,732,794	-	4,856,103
Payment to bond refunding escrow agent	(158,924)	(5,949,431)	-	(6,108,355)
Transfers in	16,616	2,682,050	2,007,974	4,706,640
Transfers out	(3,300,018)	(11,518,161)	(14,350)	(14,832,529)
Total other financing sources	(3,287,498)	25,304,198	1,993,624	24,010,324
Net change in fund balances	778,586	(4,472,980)	1,795,245	(1,899,149)
Fund balances - beginning	54,660,257	58,071,957	(63,944)	112,668,270
Fund balances - ending	$ 55,438,843	53,598,977	1,731,301	110,769,121

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Speed Enforcement Fund	Total
ASSETS									
Equity in pooled cash and cash equivalents	$ 2,531,013	15,091,708	3,552,375	24,527,874	-	-	5,076,870	955,631	51,735,471
Receivables:									
Property taxes	-	21,880	-	584,353	-	-	-	-	606,233
Due from other governments	-	-	6,056	-	7,397,821	-	86,212	-	7,490,089
Due from component units	4,249,019	-	-	-	-	-	-	-	4,249,019
Other	1,949,270	247,728	-	149,393	11,394	-	-	-	2,357,785
Prepaid items	-	-	-	-	4,680	-	-	-	4,680
Economic development loans	-	-	-	-	305,597	-	-	-	305,597
Housing loans	10,230,319	-	-	-	-	-	-	-	10,230,319
Materials and supplies	-	-	-	486,431	-	-	157,241	-	643,672
Total assets	18,959,621	15,361,316	3,558,431	25,748,051	7,719,492	-	5,320,323	955,631	77,622,865
LIABILITIES									
Due to other funds	-	-	-	-	617,945	-	-	-	617,945
Accounts payable / accrued liabilities	-	1,087,172	9,966	417,239	1,658,951	-	611,977	62,584	3,847,889
Accrued wages and benefits	151,434	188,362	18,610	3,327,010	135,979	-	604,875	13,073	4,439,343
Deposits and connection fees	-	159,949	-	-	167,853	-	79,093	-	406,895
Unearned revenue	-	-	-	-	2,776,492	-	3,654,766	-	6,431,258
Total liabilities	151,434	1,435,483	28,576	3,744,249	5,357,220	-	4,950,711	75,657	15,743,330
DEFERRED INFLOWS OF RESOURCES									
Unavailable property taxes	-	-	-	548,796	-	-	-	-	548,796
Unavailable fees	1,399,995	-	-	-	-	-	-	-	1,399,995
Unavailable grant revenues	-	34,114	6,056	107,285	4,270,433	-	74,013	-	4,491,901
Total deferred inflows of resources	1,399,995	34,114	6,056	656,081	4,270,433	-	74,013	-	6,440,692
Total liabilities and deferred inflows of resources	1,551,429	1,469,597	34,632	4,400,330	9,627,653	-	5,024,724	75,657	22,184,022
FUND BALANCES									
Nonspendable:									
Inventory	-	-	-	486,431	-	-	157,241	-	643,672
Prepaid items	-	-	-	-	4,680	-	-	-	4,680
Restricted for:									
Catalyst loan program	-	-	-	-	626,333	-	-	-	626,333
Economic development initiatives	-	-	-	-	828,618	-	-	-	828,618
Fire & rescue services	-	-	-	20,861,290	-	-	-	-	20,861,290
Forest conservation	-	-	3,523,799	-	-	-	-	-	3,523,799
Middle Patuxent environmental area program	-	-	-	-	31,502	-	-	-	31,502
Program revenue	-	-	-	-	413,080	-	-	-	413,080
Speed enforcement	-	-	-	-	-	-	-	879,974	879,974
Committed for:									
Community renewal programs	17,408,192	-	-	-	-	-	-	-	17,408,192
Environmental services	-	13,891,719	-	-	-	-	-	-	13,891,719
Recreation programs	-	-	-	-	-	-	138,358	-	138,358
Unassigned	-	-	-	-	(3,812,374)	-	-	-	(3,812,374)
Total fund balances	17,408,192	13,891,719	3,523,799	21,347,721	(1,908,161)	-	295,599	879,974	55,438,843
Total liabilities, deferred inflows and fund balances	$ 18,959,621	15,361,316	3,558,431	25,748,051	7,719,492	-	5,320,323	955,631	77,622,865

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2016

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Speed Enforcement Fund	Total
REVENUES									
Property taxes	$ -	43,696	-	87,338,180	-	-	-	-	87,381,876
Other local taxes	3,946,311	-	-	-	-	-	-	-	3,946,311
Revenues from other governments	-	-	-	-	16,967,043	-	-	-	16,967,043
Charges for services	-	22,230,625	-	88,458	355,300	-	17,953,212	-	40,627,595
Investment income:									
Interest on investments	16,226	94,925	15,549	196,819	16,356	-	18,319	3,309	361,503
Installment interest from housing loans	83,994	-	-	-	-	-	-	-	83,994
Fines and forfeitures	-	-	16,285	500	-	-	590	1,102,419	1,119,794
Developer contributions	-	-	234,910	-	-	-	-	-	234,910
Miscellaneous program revenue	2,187,284	5,659	-	122,942	4,888,765	-	214,865	17,929	7,437,444
Total revenues	6,233,815	22,374,905	266,744	87,746,899	22,227,464	-	18,186,986	1,123,657	158,160,470
EXPENDITURES									
Current:									
General government	-	-	-	-	2,934,115	-	-	-	2,934,115
Legislative and judicial	-	-	-	-	513,335	-	-	-	513,335
Public works	-	22,765,539	-	-	6,473,767	-	-	-	29,239,306
Public safety	-	-	-	84,558,111	3,147,111	-	-	748,185	88,453,407
Recreation and parks	-	-	532,991	-	39,747	-	18,385,027	-	18,957,765
Community services	6,413,087	-	-	-	7,583,371	-	-	-	13,996,458
Total expenditures	6,413,087	22,765,539	532,991	84,558,111	20,691,446	-	18,385,027	748,185	154,094,386
Excess (deficiency) of revenues over expenditures	(179,272)	(390,634)	(266,247)	3,188,788	1,536,018	-	(198,041)	375,472	4,066,084
OTHER FINANCING SOURCES (USES)									
Bond premium	31,519	-	-	-	-	-	-	-	31,519
Refunding bonds issued	123,309	-	-	-	-	-	-	-	123,309
Payment to bond refunding escrow agent	(158,924)	-	-	-	-	-	-	-	(158,924)
Transfers in	-	-	-	-	16,616	-	-	-	16,616
Transfers out	(382,163)	(539,919)	(3,666)	(944,831)	(10,188)	(1,397,623)	(18,319)	(3,309)	(3,300,018)
Total other financing sources (uses)	(386,259)	(539,919)	(3,666)	(944,831)	6,428	(1,397,623)	(18,319)	(3,309)	(3,287,498)
Net change in fund balances	(565,531)	(930,553)	(269,913)	2,243,957	1,542,446	(1,397,623)	(216,360)	372,163	778,586
Fund balances - beginning	17,973,723	14,822,272	3,793,712	19,103,764	(3,450,607)	1,397,623	511,959	507,811	54,660,257
Fund balances - ending	$ 17,408,192	13,891,719	3,523,799	21,347,721	(1,908,161)	-	295,599	879,974	55,438,843

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	$ 3,500,000	3,500,000	3,946,311	446,311
Installment interest from housing loans	85,000	85,000	83,994	(1,006)
Miscellaneous	2,599,130	2,599,130	2,206,400	(392,730)
Total revenues	6,184,130	6,184,130	6,236,705	52,575
EXPENDITURES				
Community services:				
Housing and community development administration	4,935,015	4,711,569	4,263,208	448,361
Community development committee	6,940	6,940	-	6,940
Housing initiatives	2,625,000	2,848,446	2,813,910	34,536
Revolving loan program income	-	-	250,141	(250,141)
Total expenditures	7,566,955	7,566,955	7,327,259	239,696
Excess (deficiency) of revenues over expenditures	(1,382,825)	(1,382,825)	(1,090,554)	292,271
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,748,761	1,748,761	1,456,490	(292,271)
Transfers out	(365,936)	(365,936)	(365,936)	-
Total other financing sources (uses)	1,382,825	1,382,825	1,090,554	(292,271)
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(1,456,490)	-
Fund balance - beginning			16,317,538	-
Fund balance - ending			$ 14,861,048	-

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Environmental Services Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 40,000	40,000	43,696	3,696
Charges for services	21,510,000	21,510,000	22,230,625	720,625
Miscellaneous	5,000	5,000	12,242	7,242
Total revenues	21,555,000	21,555,000	22,286,563	731,563
EXPENDITURES				
Waste management:				
Administrative services	2,543,748	2,543,823	2,376,176	167,647
Operations	12,499,746	12,614,671	11,540,780	1,073,891
Collections	5,127,197	5,127,197	4,316,102	811,095
Recycling	6,580,206	6,465,206	5,299,348	1,165,858
Total expenditures	26,750,897	26,750,897	23,532,406	3,218,491
Excess (deficiency) of revenues over expenditures	(5,195,897)	(5,195,897)	(1,245,843)	3,950,054
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	5,640,891	5,640,891	1,690,837	(3,950,054)
Transfers out	(444,994)	(444,994)	(444,994)	-
Total other financing sources (uses)	5,195,897	5,195,897	1,245,843	(3,950,054)
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(1,690,837)	-
Fund balance - beginning			14,217,861	-
Fund balance - ending			$ 12,527,024	-

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	$ 7,500	7,500	11,883	4,383
Fines and forfeitures	50,000	50,000	16,285	(33,715)
Developer contributions - inspections	50,000	50,000	9,120	(40,880)
Developer contributions - mitigation	500,000	500,000	225,790	(274,210)
Total revenues	607,500	607,500	263,078	(344,422)
EXPENDITURES				
Public Works:				
Forest mitigation	918,928	918,928	523,025	395,903
Contingency	28,420	28,420	-	28,420
Total expenditures	947,348	947,348	523,025	424,323
Excess (deficiency) of revenues over expenditures	(339,848)	(339,848)	(259,947)	79,901
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	339,848	339,848	259,947	(79,901)
Total other financing sources (uses)	339,848	339,848	259,947	(79,901)
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(259,947)	-
Fund balance - beginning			3,801,009	-
Fund balance - ending			$ 3,541,062	-

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Fire and Rescue Reserve Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 86,518,724	86,518,724	87,338,179	819,455
Charges for services	125,000	125,000	88,458	(36,542)
Fines and forfeitures	-	-	500	500
Miscellaneous	30,000	30,000	157,058	127,058
Total revenues	86,673,724	86,673,724	87,584,195	910,471
EXPENDITURES				
Public safety:				
Metro fire district	90,409,946	90,459,946	86,236,052	4,223,894
Total expenditures	90,409,946	90,459,946	86,236,052	4,223,894
Excess (deficiency) of revenues over expenditures	(3,736,222)	(3,786,222)	1,348,143	5,134,365
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	4,534,234	4,534,234	-	(4,534,234)
Transfers out	(798,012)	(748,012)	(748,012)	-
Total other financing sources (uses)	3,736,222	3,786,222	(748,012)	(4,534,234)
Net change in fund balance	-	-	600,131	600,131
Fund balance - beginning			22,104,294	-
Fund balance - ending			$ 22,704,425	600,131

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Revenue from other agencies:				
Grants from federal government	$ 24,876,472	25,988,112	8,988,974	(16,999,138)
Grants from state government	8,174,252	8,164,252	7,710,228	(454,024)
Other local grants	2,990,877	495,000	267,822	(227,178)
Total revenue from other agencies	36,041,601	34,647,364	16,967,024	(17,680,340)
Charges for services	620,000	620,000	355,300	(264,700)
Interest on investments	-	-	6,169	6,169
Contingency	5,000,000	5,000,000	-	(5,000,000)
Miscellaneous	6,754,736	8,298,973	4,903,261	(3,395,712)
Total revenues	48,416,337	48,566,337	22,231,754	(26,334,583)
EXPENDITURES				
General government	7,998,303	9,034,163	2,946,158	6,088,005
Legislative & judicial	836,665	836,665	518,225	318,440
Public works	11,170,360	12,066,240	9,321,545	2,744,695
Public safety	12,522,834	12,672,834	2,939,262	9,733,572
Recreation & parks	148,000	148,000	39,739	108,261
Community services	8,781,575	8,849,835	7,577,431	1,272,404
Contingency	5,000,000	5,000,000	-	5,000,000
Total expenditures	46,457,737	48,607,737	23,342,360	25,265,377
Deficiency of revenues under expenditures	1,958,600	(41,400)	(1,110,606)	(1,069,206)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	41,400	41,400	2,199,639	2,158,239
Transfers out	(2,000,000)	-	-	-
Total other financing sources (uses)	(1,958,600)	41,400	2,199,639	2,158,239
Net change in fund balance	-	-	1,089,033	1,089,033
Less appropriation from fund balance			(2,199,639)	-
Fund balances - beginning			(6,301,346)	-
Fund balances - ending			$ (7,411,952)	1,089,033

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Revenue from other governments	$ 21,360,000	21,360,000	17,953,212	(3,406,788)
Fines and forfeitures	-	-	590	590
Rental of property	180,000	180,000	199,834	19,834
Other revenue	-	-	22,796	22,796
Total revenues	21,540,000	21,540,000	18,176,432	(3,363,568)
EXPENDITURES				
Recreation and parks:				
Administration	22,925,761	22,925,761	18,286,844	4,638,917
Total expenditures	22,925,761	22,925,761	18,286,844	4,638,917
Excess (deficiency) of revenues over expenditures	(1,385,761)	(1,385,761)	(110,412)	1,275,349
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,434,624	1,434,624	110,412	(1,324,212)
Transfers out	(48,863)	(48,863)	-	48,863
Total other financing sources(uses)	1,385,761	1,385,761	110,412	(1,275,349)
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(110,412)	-
Fund balance - beginning			726,608	-
Fund balance - ending			$ 616,196	-

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Speed Enforcement Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines & forfeitures	$ 950,000	950,000	1,102,419	152,419
Other	-	-	17,929	17,929
Total revenues	950,000	950,000	1,120,348	170,348
EXPENDITURES				
Public safety	993,693	993,693	779,477	214,216
Total expenditures	993,693	993,693	779,477	214,216
Excess (deficiency) of revenues over expenditures	(43,693)	(43,693)	340,871	384,564
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	43,693	43,693	-	(43,693)
Total other financing sources (uses)	43,693	43,693	-	(43,693)
Net change in fund balance	-	-	340,871	340,871
Fund balance - beginning			288,211	-
Fund balance - ending			$ 629,082	340,871

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2016

	Highway Fund	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
ASSETS						
Equity in pooled cash and cash equivalents	$ 12,161,572	6,570,266	-	6,083,280	584,784	25,399,902
Due from other governments	288,061	530,159	307,880	1,126,765	387,342	2,640,207
Due from other funds	53,292,899	-	-	-	-	53,292,899
Other	12,021	-	-	-	-	12,021
Total assets	65,754,553	7,100,425	307,880	7,210,045	972,126	81,345,029
LIABILITIES						
Due to other funds	-	-	616,300	-	-	616,300
Accounts payable/accrued liability	3,059,471	65,116	321,025	1,285,180	1,487,836	6,218,628
Accrued wages and benefits	4,590	-	-	-	-	4,590
Short-term loans and notes payable	3,447,873	304,422	726,000	1,526,354	14,343,000	20,347,649
Unearned revenue	-	-	-	148,500	26,006	174,506
Total liabilities	6,511,934	369,538	1,663,325	2,960,034	15,856,842	27,361,673
DEFERRED INFLOWS OF RESOURCES						
Unavailable grant revenues	198,775	-	-	41,448	144,156	384,379
Total liabilities and deferred inflows of resources	6,710,709	369,538	1,663,325	3,001,482	16,000,998	27,746,052
FUND BALANCES						
Restricted for:						
Parkland watershed facilities	-	-	-	7,855,312	-	7,855,312
Open space	-	-	-	444,286	-	444,286
Public road facilities	57,019,046	-	-	-	-	57,019,046
Storm water construction	-	-	-	-	40,949	40,949
Committed for: Firehouse & training facilities	-	6,130,050	-	-	-	6,130,050
Assigned for:						
Capital projects	2,198,075	600,837	-	-	-	2,798,912
Unassigned	(173,277)	-	(1,355,445)	(4,091,035)	(15,069,821)	(20,689,578)
Total fund balances	59,043,844	6,730,887	(1,355,445)	4,208,563	(15,028,872)	53,598,977
Total liabilities, deferred inflows and fund balances	$ 65,754,553	7,100,425	307,880	7,210,045	972,126	81,345,029

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended June 30, 2016

	Highway Fund	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
REVENUES						
Other local taxes	$ 8,468,657	3,946,311	-	7,892,622	-	20,307,590
Revenues from other governments	178,572	-	554,538	2,339,972	1,276,112	4,349,194
Charges for services	528,906	-	-	-	-	528,906
Interest on investments	266,161	26,454	-	8,824	-	301,439
Developer contributions	3,593,571	-	-	745,069	38,807	4,377,447
Miscellaneous program revenues	-	-	-	2,100	-	2,100
Total revenues	13,035,867	3,972,765	554,538	10,988,587	1,314,919	29,866,676
EXPENDITURES						
Capital improvements	20,856,724	2,101,071	4,641,168	18,154,108	13,890,783	59,643,854
Total expenditures	20,856,724	2,101,071	4,641,168	18,154,108	13,890,783	59,643,854
Excess (deficiency) of revenues over expenditures	(7,820,857)	1,871,694	(4,086,630)	(7,165,521)	(12,575,864)	(29,777,178)
OTHER FINANCING SOURCES (USES)						
Bond premium	2,090,620	283,238	336,735	1,317,738	420,420	4,448,751
Capital related debt issued	14,828,291	243,718	2,842,375	9,978,591	3,015,220	30,908,195
Refunding bonds issued	2,313,236	1,005,017	114,289	931,698	368,554	4,732,794
Payment to bond refunding escrow agent	(2,933,313)	(1,226,860)	(147,299)	(1,189,339)	(452,620)	(5,949,431)
Transfers in	100,000	-	1,202	-	2,580,848	2,682,050
Transfers out	(5,768,612)	(1,977,128)	-	(3,772,421)	-	(11,518,161)
Total other financing sources (uses)	10,630,222	(1,672,015)	3,147,302	7,266,267	5,932,422	25,304,198
Net change in fund balances	2,809,365	199,679	(939,328)	100,746	(6,643,442)	(4,472,980)
Fund balances - beginning	56,234,479	6,531,208	(416,117)	4,107,817	(8,385,430)	58,071,957
Fund balances - ending	$ 59,043,844	6,730,887	(1,355,445)	4,208,563	(15,028,872)	53,598,977

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2016

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
ASSETS			
Equity in pooled cash and cash equivalents	$ -	48,493	48,493
Cash and securities with Fiscal Agents	-	1,684,441	1,684,441
Total assets	-	1,732,934	1,732,934
LIABILITIES			
Accounts payable / accrued liabilities	-	1,633	1,633
Total liabilities	-	1,633	1,633
FUND BALANCES			
Restricted for:			
Tax incremental financing project	-	1,731,301	1,731,301
Total fund balances	-	1,731,301	1,731,301
Total liabilities, deferred inflows and fund balances	$ -	1,732,934	1,732,934

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Debt Service Funds
For the Year Ended June 30, 2016

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
REVENUES			
Property taxes	$ -	132,847	132,847
Charges for services	-	100,000	100,000
Investment Income:			
Interest on investments	4	5,964	5,968
Miscellaneous program revenue	-	28,067	28,067
Total revenues	4	266,878	266,882
EXPENDITURES			
Current:			
General government	329,157	136,104	465,261
Total expenditures	329,157	136,104	465,261
Excess (deficiency) of revenues over expenditures	(329,153)	130,774	(198,379)
OTHER FINANCING SOURCES (USES)			
Transfers in	329,153	1,678,821	2,007,974
Transfers out	-	(14,350)	(14,350)
Total other financing sources (uses)	329,153	1,664,471	1,993,624
Net change in fund balances	-	1,795,245	1,795,245
Fund balances - beginning	-	(63,944)	(63,944)
Fund balances - ending	$ -	1,731,301	1,731,301

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Bond Anticipation Note Fund
For the Year Ended June 30, 2016

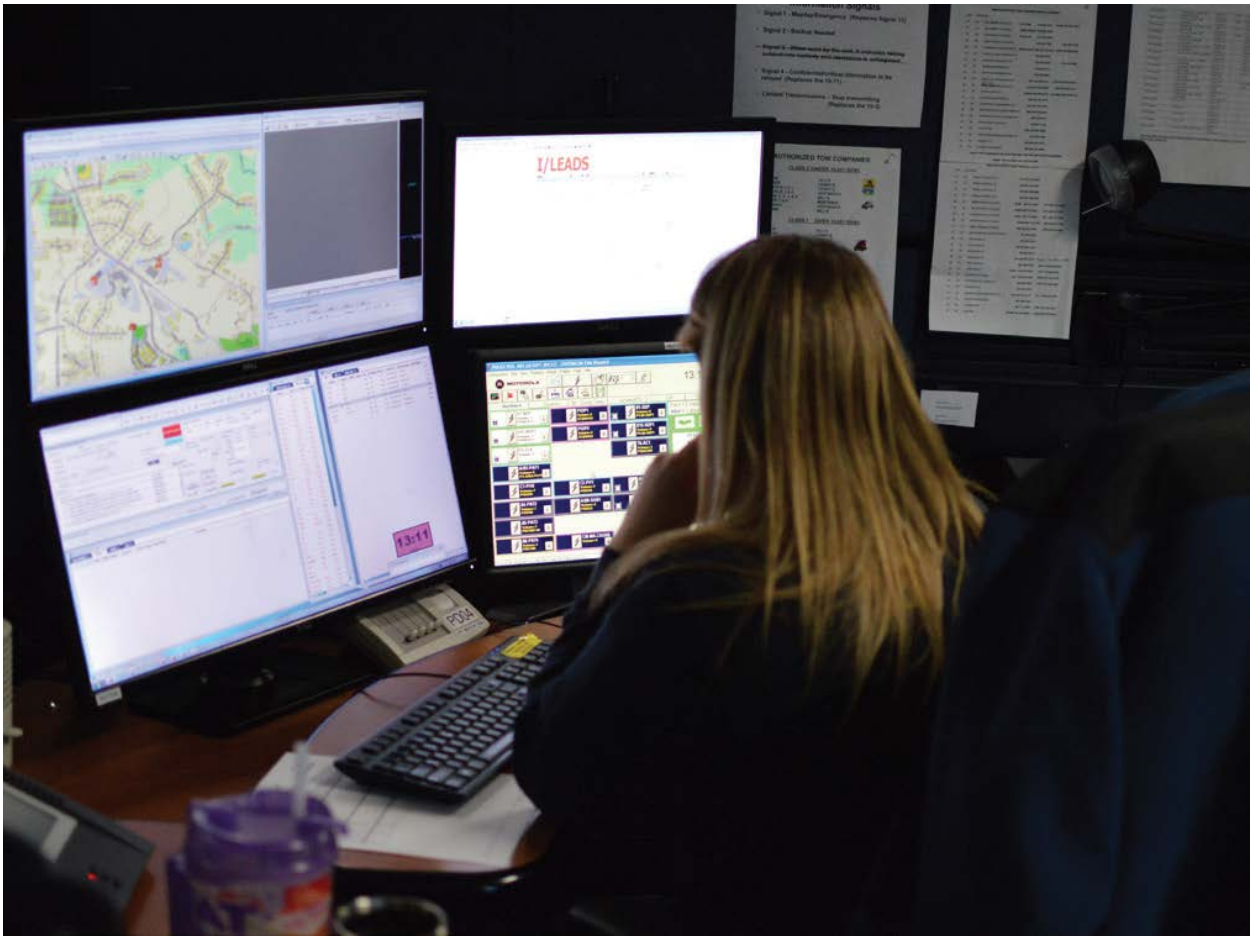
	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	$ -	-	4	4
Miscellaneous	2,330,000	2,330,000	-	(2,330,000)
Total revenues	2,330,000	2,330,000	4	(2,329,996)
EXPENDITURES				
General government:				
Bond anticipation notes	2,330,000	2,330,000	328,969	2,001,031
Total expenditures	2,330,000	2,330,000	328,969	2,001,031
Deficiency of revenues under expenditures	-	-	(328,965)	(328,965)
OTHER FINANCING SOURCES				
Transfers in	-	-	328,965	328,965
Total other financing sources	-	-	328,965	328,965
Net change in fund balance	-	-	-	-
Fund balances - beginning			-	-
Fund balances - ending			$ -	-

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Tax Increment Financing Fund
For the Year Ended June 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	$ -	-	132,847	132,847
Charges for services	-	-	100,000	100,000
Interest on investments	-	-	5,964	5,964
Miscellaneous	300,000	300,000	28,067	(271,933)
Total revenues	300,000	300,000	266,878	(33,122)
EXPENDITURES				
General government:				
Tax incremental financing	-	135,762	135,760	2
Debt Services:				
Principle	210,000	105,000	-	105,000
Interest	90,000	45,000	-	45,000
Total expenditures	300,000	285,762	135,760	150,002
Deficiency of revenues under expenditures	-	14,238	131,118	116,880
OTHER FINANCING SOURCES				
Transfers in	-	-	1,678,477	1,678,477
Transfers out	-	(14,238)	(14,238)	(14,238)
Total other financing sources	-	(14,238)	1,664,239	1,664,239
Net change in fund balance	-	-	1,795,357	1,781,119
Fund balances - beginning			(63,944)	-
Fund balances - ending			$ 1,731,413	1,781,119

The accompanying notes are an integral part of these financial statements.



Howard County 911 Center

In 2016, the Howard County Police Department estimates the Howard County 911 Center received on average more than 27,000 emergency and non-emergency calls per month; an increase from the previous year. With the number of calls projected to increase even more in 2017, the 911 Center continues to strive to provide efficient and seamless dispatch and emergency response services to ensure each 911 caller receives prompt and professional assistance in a manner that mitigates crime.

Non-Major Enterprise Funds

Enterprise funds are used to account for services for which customers are charged a fee.



Howard County, Maryland
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2016

	Broadband	Watershed Protection and Restoration	Special Recreation Facility	Total
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	$ 697,755	12,062,754	-	12,760,509
Receivables:				
Service billings	20,003	3,427	-	23,430
Other receivables	-	-	13,605	13,605
Materials and supplies	-	-	37,698	37,698
Restricted assets:				
Equity in pooled cash and cash equivalents	-	-	560,000	560,000
Total current assets	717,758	12,066,181	611,303	13,395,242
Noncurrent assets:				
Restricted assets:				
Receivables:				
Other receivables	-	-	280,000	280,000
Capital assets:				
Land	-	-	8,684,896	8,684,896
Buildings, improvements and infrastructure, net	11,953,813	190,844	619,822	12,764,479
Machinery and equipment, net	32,384	446,841	39,941	519,166
Total noncurrent assets	11,986,197	637,685	9,624,659	22,248,541
Total assets	12,703,955	12,703,866	10,235,962	35,643,783
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	-	-	122,744	122,744
Total deferred outflows of resources	-	-	122,744	122,744
Total assets and deferred outflows of resources	12,703,955	12,703,866	10,358,706	35,766,527
LIABILITIES				
Current liabilities:				
Due to other funds	-	-	180,422	180,422
Accounts payable	10,188	139,280	425,602	575,070
Accrued wages and benefits	-	30,415	-	30,415
Compensated absences	28,241	-	-	28,241
Current liabilities	38,429	169,695	606,024	814,148
Current liabilities payable from restricted assets:				
Deposits and connection fees	7,069	-	-	7,069
Note payable	-	-	473,000	473,000
Current liabilities payable from restricted assets	7,069	-	473,000	480,069
Total current liabilities	45,498	169,695	1,079,024	1,294,217
Noncurrent liabilities:				
Compensated absences	-	28,674	-	28,674
Refunding revenue note payable	-	-	3,199,000	3,199,000
Total noncurrent liabilities	-	28,674	3,199,000	3,227,674
Total liabilities	45,498	198,369	4,278,024	4,521,891
Total liabilities and deferred inflows of resources	45,498	198,369	4,278,024	4,521,891
NET POSITION				
Net investment in capital assets	11,986,197	637,685	5,795,403	18,419,285
Restricted:				
For debt service	-	-	560,000	560,000
Unrestricted	672,260	11,867,812	(274,721)	12,265,351
Total net position	$ 12,658,457	12,505,497	6,080,682	31,244,636

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
June 30, 2016

	Broadband	Watershed Protection and Restoration	Special Recreation Facility	Total
Operating revenues:				
User charges	$ 1,322,575	11,069,242	-	12,391,817
Greens and cart fees	-	-	1,272,415	1,272,415
Range fees	-	-	114,190	114,190
Merchandise	-	-	116,883	116,883
Food and beverage	-	-	309,303	309,303
Miscellaneous sales and services	-	25,016	27,361	52,377
Total operating revenues	1,322,575	11,094,258	1,840,152	14,256,985
Operating expenses:				
Salaries and employee benefits	475,633	771,284	-	1,246,917
Contractual services	535,192	738,126	1,556,796	2,830,114
Supplies and materials	357,314	388	-	357,702
Business and travel	2,323	1,876	-	4,199
Share of county administrative expenses	-	1,106,973	-	1,106,973
Other administrative	-	91,644	-	91,644
Depreciation expense	671,625	34,836	38,678	745,139
Total operating expenses	2,042,087	2,745,127	1,595,474	6,382,688
Operating income (loss)	(719,512)	8,349,131	244,678	7,874,297
Nonoperating revenues (expenses):				
Interest on investments	3,478	60,854	-	64,332
Interest expense	-	-	(98,429)	(98,429)
Gain (loss) on sale of capital assets	14,629	62,587	-	77,216
Other, net	-	-	(70,682)	(70,682)
Total nonoperating revenues (expenses)	18,107	123,441	(169,111)	(27,563)
Net income (loss) before contributions and transfers	(701,405)	8,472,572	75,567	7,846,734
Transfers in	489,909	-	447	490,356
Transfers out	-	(2,808,442)	-	(2,808,442)
Change in net position	(211,496)	5,664,130	76,014	5,528,648
Net position - beginning	12,869,953	6,841,367	6,004,668	25,715,988
Net position - ending	$ 12,658,457	12,505,497	6,080,682	31,244,636

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
June 30, 2016

	Broadband	Watershed Protection and Restoration	Special Recreation Facility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 1,473,288	11,144,646	1,836,860	14,454,794
Cash paid to suppliers	(1,015,665)	(667,794)	(1,535,911)	(3,219,370)
Cash paid to / for employees	(466,796)	(763,166)	-	(1,229,962)
Cash paid for interfund services used	-	(1,128,017)	-	(1,128,017)
Other operating disbursements	-	(46,614)	-	(46,614)
Net cash (used in) provided by operating activities	(9,173)	8,539,055	300,949	8,830,831
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payable	-	-	180,422	180,422
Interfund operating transfers in (out)	489,909	(2,808,442)	447	(2,318,086)
Net cash provided by (used in) noncapital financing activities	489,909	(2,808,442)	180,869	(2,137,664)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(217,444)	-	(217,444)
Payment of long-term debt principal	-	-	(461,000)	(461,000)
Interest paid on long-term debt	-	-	(98,429)	(98,429)
Net cash used in capital and related financing activities	-	(217,444)	(559,429)	(776,873)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	3,478	60,854	-	64,332
Net cash provided by investing activities	3,478	60,854	-	64,332
Net increase (decrease) in cash and cash equivalents	484,214	5,574,023	(77,611)	5,980,626
Balances - beginning of the year	213,541	6,488,731	637,611	7,339,883
Balances - end of the year	697,755	12,062,754	560,000	13,320,509
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	(719,512)	8,349,131	244,678	7,874,297
Adjustments to reconcile operating income to net cash:				
Depreciation expense	671,625	34,836	38,678	745,139
Change in assets and liabilities:				
(Increase) decrease in accounts and other receivables	150,714	95,418	(3,292)	242,840
Decrease in inventories	-	-	3,933	3,933
Increase (decrease) in operating accounts payable	(112,000)	58,381	16,952	(36,667)
Increase in compensated absences and net OPEB obligation	-	1,289	-	1,289
Total adjustments	710,339	189,924	56,271	956,534
Net cash (used in) provided by operating activities	$ (9,173)	8,539,055	300,949	8,830,831

The accompanying notes are an integral part of these financial statements.



Howard County Department of Fire and Rescue

Howard County's Department of Fire and Rescue Services (HCDFRS) operates a robust combination system that leverages collaboration between nearly 900 career and volunteer personnel operating from 12 stations across the County. HCDFRS provides a full range of emergency response services for all hazards, basic and advanced Emergency Medical Services, and extensive community risk reduction programs. Each year, HCDFRS partners with the Howard County Professional Fire Fighters Association to host Fire Ops 101, providing the County's elected officials with the opportunity to experience first-hand what HCDFRS firefighters and paramedics go through on a daily basis.

Internal Service Funds

Internal service funds are used to account for the financing, on a cost-reimbursement basis, of goods and services provided by one department to other departments within the County.

Howard County, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Employee Benefits Self- Insurance	Total
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	$ 8,108,179	3,207,296	11,762,787	2,834,899	25,913,161
Receivables - other	396,844	277,101	329,902	1,577,573	2,581,420
Materials and supplies	1,080,050	236,842	-	-	1,316,892
Total current assets	9,585,073	3,721,239	12,092,689	4,412,472	29,811,473
Noncurrent assets:					
Capital assets:					
Buildings and improvements, net	1,149,780	1,086,732	-	-	2,236,512
Machinery and equipment, net	21,494,331	8,942,334	9,219	-	30,445,884
Total noncurrent assets	22,644,111	10,029,066	9,219	-	32,682,396
Total assets	32,229,184	13,750,305	12,101,908	4,412,472	62,493,869
LIABILITIES					
Current liabilities:					
Accounts payable	434,010	1,490,932	263,876	367,041	2,555,859
Accrued wages and benefits	193,189	418,359	33,229	26,868	671,645
Compensated absences	-	11,674	-	-	11,674
Unpaid insurance claims	-	-	4,017,115	3,031,078	7,048,193
Current portion capital lease obligation	124,692	-	-	-	124,692
Unearned revenue	-	71,240	-	-	71,240
Total current liabilities	751,891	1,992,205	4,314,220	3,424,987	10,483,303
Noncurrent liabilities:					
Compensated absences	300,826	618,868	32,645	15,742	968,081
Unpaid insurance claims	-	-	9,186,789	61,859	9,248,648
Long-term capital lease obligation	1,310,809	-	-	-	1,310,809
Total noncurrent liabilities	1,611,635	618,868	9,219,434	77,601	11,527,538
Total liabilities	2,363,526	2,611,073	13,533,654	3,502,588	22,010,841
NET POSITION					
Net investment in capital assets	21,208,610	10,029,066	9,219	-	31,246,895
Unrestricted (deficit)	8,657,048	1,110,166	(1,440,965)	909,884	9,236,133
Total net position	$ 29,865,658	11,139,232	(1,431,746)	909,884	40,483,028

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Employee Benefits Self- Insurance	Total
Operating revenues:					
User charges	$ 16,723,118	21,632,722	9,259,417	47,102,915	94,718,172
Insurance recoveries	-	-	247,373	-	247,373
Miscellaneous sales and services	473,410	994,427	30,168	-	1,498,005
Total operating revenues	17,196,528	22,627,149	9,536,958	47,102,915	96,463,550
Operating expenses:					
Salaries and employee benefits	4,289,141	8,554,872	861,692	381,859	14,087,564
Contractual services	948,435	10,478,449	290,905	386,573	12,104,362
Supplies and materials	1,863,678	2,697,465	7,751	723	4,569,617
Business and travel	17,570	20,680	2,756	-	41,006
Vehicle fuels and supplies	3,379,187	52,726	692	-	3,432,605
Share of County administrative expenses	180,666	118,199	557,718	-	856,583
Insurance claims	907	-	5,994,201	44,651,319	50,646,427
Other administrative	-	-	55,783	2,503,266	2,559,049
Depreciation expense	4,578,774	2,070,122	2,136	-	6,651,032
Total operating expenses	15,258,358	23,992,513	7,773,634	47,923,740	94,948,245
Operating income (loss)	1,938,170	(1,365,364)	1,763,324	(820,825)	1,515,305
Nonoperating revenues (expenses):					
Interest on investments	25,553	16,107	42,204	4,957	88,821
Interest expense	(29,375)	-	-	-	(29,375)
Capital contributions disbursed	-	-	(91,559)	-	(91,559)
Total nonoperating revenues (expenses)	(3,822)	16,107	(49,355)	4,957	(32,113)
Net income (loss) before contributions and transfers	1,934,348	(1,349,257)	1,713,969	(815,868)	1,483,192
Capital contributions	972,118	3,943,534	-	-	4,915,652
Transfers out	(25,554)	(506,016)	-	(4,957)	(536,527)
Change in net position	2,880,912	2,088,261	1,713,969	(820,825)	5,862,317
Total net position - beginning	26,984,746	9,050,971	(3,145,715)	1,730,709	34,620,711
Total net position - ending	$ 29,865,658	11,139,232	(1,431,746)	909,884	40,483,028

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Employee Benefits Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 17,173,878	22,974,396	9,568,891	47,088,920	96,806,085
Cash paid to suppliers	(5,753,601)	(5,519,089)	(4,716,063)	(48,194,039)	(64,182,792)
Cash paid to/for employees	(4,030,141)	(8,420,623)	(860,102)	(379,531)	(13,690,397)
Cash paid for quasi-external transactions	(914,298)	(7,269,642)	(113,976)	(126,330)	(8,424,246)
Other operating cash disbursements	-	(170,002)	(451,722)	-	(621,724)
Net cash provided by (used in) operating activities	6,475,838	1,595,040	3,427,028	(1,610,980)	9,886,926
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	(25,554)	(506,016)	-	(4,957)	(536,527)
Net cash used in noncapital financing activities	(25,554)	(506,016)	-	(4,957)	(536,527)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTITIVIES					
Acquisition and construction of capital assets	(2,359,651)	(679,619)	(92,328)	-	(3,131,598)
Interest paid	(29,375)	-	-	-	(29,375)
Net cash used in capital and related financing activities	(2,389,026)	(679,619)	(92,328)	-	(3,160,973)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	25,553	16,107	42,204	4,957	88,821
Net cash provided by investing activities	25,553	16,107	42,204	4,957	88,821
Net increase (decrease) in cash and cash equivalents	4,086,811	425,512	3,376,904	(1,610,980)	6,278,247
Cash and cash equivalents - beginning of the year	4,021,368	2,781,784	8,385,883	4,445,879	19,634,914
Cash and cash equivalents - end of the year	8,108,179	3,207,296	11,762,787	2,834,899	25,913,161
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	1,938,170	(1,365,364)	1,763,324	(820,825)	1,515,305
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	4,578,774	2,070,122	2,136	-	6,651,032
Change in assets and liabilities:					
(Increase) decrease in accounts and other receivables	(22,650)	347,248	31,933	(13,996)	342,535
(Increase) decrease in inventories	132,130	(90,497)	-	-	41,633
Increase (decrease) in operating accounts payable	(150,036)	554,284	(26,875)	(237,283)	140,090
Increase (decrease) in compensated absences and unpaid claims	245,493	79,247	1,656,510	(538,876)	1,442,374
Decrease in capital lease obligations	(246,043)	-	-	-	(246,043)
Total adjustments	4,537,668	2,960,404	1,663,704	(790,155)	8,371,621
Net cash provided by (used in) operating activities	$ 6,475,838	1,595,040	3,427,028	(1,610,980)	9,886,926

The accompanying notes are an integral part of these financial statements.



Department of Community Resources and Services

As the human service arm of Howard County Government, the Department of Community Resources and Services (formerly Citizen Services) serves as the lead agency for the county's Continuum of Care for Homeless Services; manages the Community Service Partnership program; administers federal, state and private source grants; and oversees mass care, shelter and donations in the event of a disaster. Volunteers help the Department make this possible, providing a wide range of programs to county residents. The department hosts an event where employees reverse roles to serve the volunteers and thank them.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which cannot be used to support the government's own programs.

Howard County, Maryland
Combining Statement of Net Position
Pension and Other Post-Employment Benefits Trust Funds
June 30, 2016

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post-Employment Benefits Fund	Total
ASSETS				
Receivables:				
Interest and dividends	$ 460,408	570,535	39	1,030,982
Employer contributions	789,413	1,103,819	-	1,893,232
Member contributions	210,612	357,493	-	568,105
Sale of investments	204,662	253,635	-	458,297
Other	5,666	7,022	-	12,688
Investments, at fair value:				
Cash	-	-	37,973	37,973
Equities	151,573,301	187,843,351	-	339,416,652
Alternative investments	79,708,088	98,781,475	-	178,489,563
Mutual funds	-	-	81,752,073	81,752,073
Money market funds	6,134,081	7,314,477	100,181	13,548,739
Fixed income securities	107,307,546	132,985,222	-	240,292,768
Real estate	17,530,175	21,724,979	-	39,255,154
Prepaid insurance	19,750	24,124	-	43,874
Total assets	363,943,702	450,966,132	81,890,266	896,800,100
LIABILITIES				
Accounts payable:				
Investments purchased	1,375,994	1,705,257	-	3,081,251
Other	268,175	312,246	598,217	1,178,638
Total liabilities	1,644,169	2,017,503	598,217	4,259,889
Net position held in trust for pension and other post-employment benefits	$ 362,299,533	448,948,629	81,292,049	892,540,211

Howard County, Maryland
Combining Statement of Changes in Net Position
Pension and Other Post-Employment Benefits Trust Funds
For the Year Ended June 30, 2016

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post-Employment Benefits Fund	Total
ADDITIONS				
Contributions:				
Employer	$ 13,428,152	21,636,281	36,852,238	71,916,671
Member	3,757,264	7,040,881	-	10,798,145
Total contributions	17,185,416	28,677,162	36,852,238	82,714,816
Investment income (expense):				
Net change in fair value of investments	(2,989,734)	(3,073,955)	(83,624)	(6,147,313)
Interest	2,045,244	2,515,056	352	4,560,652
Dividends	6,751,837	8,304,546	1,593,268	16,649,651
Other	50,549	51,441	-	101,990
Investment expense	(1,114,525)	(1,338,181)	(180,342)	(2,633,048)
Net investment income	4,743,371	6,458,907	1,329,654	12,531,932
Total additions	21,928,787	35,136,069	38,181,892	95,246,748
DEDUCTIONS				
Benefits	13,700,350	17,889,631	27,049,285	58,639,266
Administrative expenses	341,734	326,833	67,478	736,045
Total deductions	14,042,084	18,216,464	27,116,763	59,375,311
Change in net position	7,886,703	16,919,605	11,065,129	35,871,437
Net position - beginning of year	354,412,830	432,029,024	70,226,920	856,668,774
Net position - end of year	$ 362,299,533	448,948,629	81,292,049	892,540,211

Howard County, Maryland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2016

	State Property Tax and Interest Fund	Road Surety Deposit Fund	Multifarious Fund	Total
ASSETS				
Equity in pooled cash and cash equivalents	$ 1,518,626	5,392,980	335,086	7,246,692
Property taxes receivable	443,371	-	-	443,371
Total assets	1,961,997	5,392,980	335,086	7,690,063
LIABILITIES				
Accounts payable	1,961,997	-	-	1,961,997
Deposits	-	5,392,980	327,479	5,720,459
Other liabilities	-	-	7,607	7,607
Total liabilities	$ 1,961,997	5,392,980	335,086	7,690,063

Howard County, Maryland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
State Property Tax and Interest Fund				
ASSETS				
Equity in pooled cash and cash equivalents	1,542,278	174,016,322	174,039,974	1,518,626
Property taxes receivable	521,841	124,635,502	124,713,972	443,371
Total assets	2,064,119	298,651,824	298,753,946	1,961,997
LIABILITIES				
Accounts payable	2,064,119	240,128,822	240,230,944	1,961,997
Total liabilities	2,064,119	240,128,822	240,230,944	1,961,997
Road Surety Deposit Fund				
ASSETS				
Equity in pooled cash and cash equivalents	5,636,037	853,175	1,096,232	5,392,980
Total assets	5,636,037	853,175	1,096,232	5,392,980
LIABILITIES				
Accounts payable	5,700	3,277,298	3,282,998	-
Deposits	5,630,337	853,175	1,090,532	5,392,980
Total liabilities	5,636,037	4,130,473	4,373,530	5,392,980
Multifarious Fund				
ASSETS				
Equity in pooled cash and cash equivalents	327,540	80,405	72,859	335,086
Total assets	327,540	80,405	72,859	335,086
LIABILITIES				
Accounts payable	20,000	77,447	97,447	-
Deposits	299,933	145,899	118,353	327,479
Other liabilities	7,607	-	-	7,607
Total liabilities	327,540	223,346	215,800	335,086
Totals - All Agency Funds				
ASSETS				
Equity in pooled cash and cash equivalents	7,505,855	174,949,902	175,209,065	7,246,692
Property taxes receivable	521,841	124,635,502	124,713,972	443,371
Total assets	8,027,696	299,585,404	299,923,037	7,690,063
LIABILITIES				
Accounts payable	2,089,819	243,483,567	243,611,389	1,961,997
Deposits	5,930,270	999,074	1,208,885	5,720,459
Other liabilities	7,607	-	-	7,607
Total liabilities	$ 8,027,696	244,482,641	244,820,274	7,690,063

Capital Assets Used in the Operation of Governmental Funds

Howard County, Maryland
Schedule by Function and Activity
Capital Assets Used in the Operation of Governmental Funds
June 30, 2016

Function and Activity	Land and Land Improvements	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General government:						
County executive	$ -	-	7,314	-	-	7,314
Technology and communication	-	-	-	7,474,795	-	7,474,795
Finance	-	-	-	2,033,222	-	2,033,222
County administration	-	-	32,457,859	593,252	-	33,051,111
Total general government	-	-	32,465,173	10,101,269	-	42,566,442
Public safety:						
Corrections	-	-	-	148,701	-	148,701
Fire	5,710,331	32,373,707	4,533,082	38,355,171	-	80,972,291
Police	-	7,093,414	1,811,764	10,409,097	-	19,314,275
Total public safety	5,710,331	39,467,121	6,344,846	48,912,969	-	100,435,267
Public facilities:						
Public works	316,228,653	179,997,369	551,368,650	10,159,793	-	1,057,754,465
Planning and zoning	13,476	-	323,225	324,503	-	661,204
Inspections, licenses and permits	-	-	-	2,734,229	-	2,734,229
Transportation	2,679,368	12,160,291	249,995	8,638,350	-	23,728,004
Total public facilities	318,921,497	192,157,660	551,941,870	21,856,875	-	1,084,877,902
Legislative and judicial:						
Circuit court	-	-	-	65,789	-	65,789
State's attorney	-	-	-	59,229	-	59,229
Sheriff	-	25,434	-	145,582	-	171,016
Total legislative and judicial	-	25,434	-	270,600	-	296,034
Community services:						
Citizen services	-	-	176,213	160,258	-	336,471
Health department	-	-	374,202	1,422,335	-	1,796,537
Housing and community development	490,900	3,400,119	-	-	-	3,891,019
Library	3,161,668	71,191,697	44,523	209,830	-	74,607,718
Total community services	3,652,568	74,591,816	594,938	1,792,423	-	80,631,745
Recreation and parks:						
Recreation and parks	114,214,155	51,377,592	90,300,439	4,393,746	-	260,285,932
Total recreation and parks	114,214,155	51,377,592	90,300,439	4,393,746	-	260,285,932
Agricultural land preservation:						
Agricultural land easements	125,084,178	-	-	-	-	125,084,178
Total agricultural land preservation	125,084,178	-	-	-	-	125,084,178
Construction in progress	-	-	-	-	45,994,578	45,994,578
Total governmental funds capital assets	$ 567,582,729	357,619,623	681,647,266	87,327,882	45,994,578	1,740,172,078

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes by Function and Activity
Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2016

Function and Activity	Balances June 30, 2015	Assets Additions	Assets Deductions	Assets Transfers	Balances June 30, 2016	Balances June 30, 2015	Allowance for Depreciation Additions	Allowance for Depreciation Deductions	Allowance for Depreciation Transfers	Balances June 30, 2016
General government:										
County executive	$ 7,314	-	-	-	7,314	4,384	486	-	-	4,870
Technology and communication	7,484,898	-	10,103	-	7,474,795	7,438,486	15,120	10,103	-	7,443,503
Finance	2,033,222	-	-	-	2,033,222	1,961,169	5,842	-	-	1,967,011
County administration	33,112,960	46,449	108,298	-	33,051,111	24,883,356	1,632,555	108,298	-	26,407,613
Total general government	42,638,394	46,449	118,401	-	42,566,442	34,287,395	1,654,003	118,401	-	35,822,997
Public safety:										
Corrections	148,701	-	-	-	148,701	56,876	7,530	-	-	64,406
Fire	80,865,559	2,402,209	2,295,477	-	80,972,291	29,619,556	3,973,536	2,258,950	-	31,334,142
Police	19,240,425	927,513	853,663	-	19,314,275	9,271,516	1,029,335	853,663	-	9,447,188
Total public safety	100,254,685	3,329,722	3,149,140	-	100,435,267	38,947,948	5,010,401	3,112,613	-	40,845,736
Public facilities:										
Public works	1,003,559,920	59,749,015	5,554,470	-	1,057,754,465	274,832,691	22,462,271	105,655	-	297,189,307
Planning and zoning	661,204	-	-	-	661,204	299,032	38,218	-	-	337,250
Inspections, licenses and permits	2,779,384	-	45,155	-	2,734,229	2,779,384	-	45,155	-	2,734,229
Transportation	23,330,195	1,094,593	696,784	-	23,728,004	6,533,833	1,419,385	694,459	-	7,258,759
Total public facilities	1,030,330,703	60,843,608	6,296,409	-	1,084,877,902	284,444,940	23,919,874	845,269	-	307,519,545
Legislative and judicial:										
Circuit court	72,971	-	7,182	-	65,789	59,324	3,651	7,182	-	55,793
States attorney	59,229	-	-	-	59,229	59,230	-	-	-	59,230
Sheriff	145,582	25,434	-	-	171,016	83,999	23,255	-	-	107,254
Total legislative and judicial	277,782	25,434	7,182	-	296,034	202,553	26,906	7,182	-	222,277
Community services:										
Citizen services	395,422	29,678	88,629	-	336,471	142,111	27,478	70,537	-	99,052
Health department	1,787,115	67,452	58,030	-	1,796,537	696,786	207,480	7,254	-	897,012
Housing and community development	3,891,019	-	-	-	3,891,019	2,038,053	68,002	-	-	2,106,055
Library	73,855,395	752,323	-	-	74,607,718	16,480,460	1,437,205	-	-	17,917,665
Total community services	79,928,951	849,453	146,659	-	80,631,745	19,357,410	1,740,165	77,791	-	21,019,784
Recreation and parks:										
Recreation and parks	249,805,874	10,572,014	91,956	-	260,285,932	47,958,350	5,341,360	38,217	-	53,261,493
Total recreation and parks	249,805,874	10,572,014	91,956	-	260,285,932	47,958,350	5,341,360	38,217	-	53,261,493
Agricultural land preservation:										
Agricultural land easements	119,909,306	5,174,872	-	-	125,084,178	-	-	-	-	-
Total agricultural land preservation	119,909,306	5,174,872	-	-	125,084,178	-	-	-	-	-
Total county government	1,623,145,695	80,841,552	9,809,747	-	1,694,177,500	425,198,596	37,692,710	4,199,473	-	458,691,833
Construction in progress	49,160,298	79,551,711	82,717,431	-	45,994,578	-	-	-	-	-
Total governmental funds capital assets	$ 1,672,305,993	160,393,263	92,527,178	-	1,740,172,078	425,198,596	37,692,710	4,199,473	-	458,691,833

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Capital Assets Used in the Operation of Enterprise Funds

Howard County, Maryland
Schedule of Capital Assets and Depreciation
Capital Assets Used in the Operation of Enterprise Funds
For the Year Ended June 30, 2016

	Balances June 30, 2015	Assets Additions	Assets Deductions	Balances June 30, 2016	Balances June 30, 2015	Allowance for Depreciation Additions	Allowance for Depreciation Deductions	Balances June 30, 2016
Land:								
Utility	$ 2,715,382	-	-	2,715,382	-	-	-	-
Golf course	8,684,896	-	-	8,684,896	-	-	-	-
Total land	11,400,278	-	-	11,400,278	-	-	-	-
Buildings:								
Utility	235,180,319	1,604,557	-	236,784,876	73,546,388	4,652,403	-	78,198,791
Golf course	1,058,133	-	-	1,058,133	485,135	21,163	-	506,298
Watershed	132,604	62,585	-	195,189	442	3,903	-	4,345
Total buildings	236,371,056	1,667,142	-	238,038,198	74,031,965	4,677,469	-	78,709,434
Improvements other than buildings:								
Utility	69,613,815	6,390,488	-	76,004,303	38,750,784	2,699,057	-	41,449,841
Golf course	148,004	-	-	148,004	72,617	7,400	-	80,017
Total improvements	69,761,819	6,390,488	-	76,152,307	38,823,401	2,706,457	-	41,529,858
Machinery and equipment:								
Utility	12,162,643	1,808,533	676,919	13,294,257	3,417,952	1,026,408	676,444	3,767,916
Golf course	337,997	-	-	337,997	287,940	10,116	-	298,056
Watershed	289,454	217,445	-	506,899	29,126	30,932	-	60,058
Broadband	23,514	14,876	-	38,390	1,176	4,830	-	6,006
Total machinery and equipment	12,813,608	2,040,854	676,919	14,177,543	3,736,194	1,072,286	676,444	4,132,036
Infrastructure								
Utility	666,300,892	30,345,957	-	696,646,849	268,707,369	13,230,533	-	281,937,902
Broadband	13,340,836	-	-	13,340,836	719,981	667,042	-	1,387,023
Total infrastructure	679,641,728	30,345,957	-	709,987,685	269,427,350	13,897,575	-	283,324,925
Grand total	$ 1,009,988,489	40,444,441	676,919	1,049,756,011	386,018,910	22,353,787	676,444	407,696,253

Does not include $19,544,799 of construction in progress.



Howard County Police Department

The Howard County Police Department's (HCPD) Community Outreach Division operates under the Community Policing model where the community is a partner with the Police Department in the process of fighting crime. HCPD uses community partnerships along with problem-solving strategies to make Howard County a safe place to live, work and play. In 2016, HCPD expanded its Community Outreach Division to include a Pathway Patrol Unit comprised of seven officers and two electronic motorcycles.

Long-Term Debt

Liabilities of the County represented by outstanding general obligation bonds and other long-term debt.

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
General
June 30, 2016

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Consolidated Public Improvement Bonds						
02-12-04	2005-2024	2.00 - 5.00	$ 112,305,000	37,960,000	3,468,750 *	41,428,750
04-12-07	2007-2027	4.00 - 5.00	100,000,000	4,800,000	240,000	5,040,000
12-19-07	2009-2019	3.75 - 5.00	87,420,000	3,430,000	256,437	3,686,437
04-08-09	2010-2029	3.50 - 5.00	69,720,000	28,290,000	10,325,952	38,615,952
12-08-09	2011-2022	2.00 - 5.00	85,860,000	77,740,000	11,173,525	88,913,525
03-16-10	2011-2030	0.60 - 5.55	101,010,000	71,670,000	28,618,228	100,288,228
03-09-11	2012-2031	4.00 - 5.00	111,115,000	91,555,000	34,268,475	125,823,475
11-17-11	2012-2031	3.00 - 5.00	182,055,000	148,810,000	47,848,663	196,658,663
04-11-12	2013-2032	2.00 - 4.00	37,370,000	31,800,000	11,624,338	43,424,338
04-04-13	2014-2033	2.375-4.00	97,910,000	84,860,000	30,584,100	115,444,100
04-03-14	2015-2034	3.00 - 5.00	117,125,000	101,170,000	40,512,738	141,682,738
04-22-15	2016-2035	3.00 - 5.00	184,195,000	179,390,000	64,588,950	243,978,950
03-30-16	2017-2036	3.00 - 5.00	97,770,000	97,770,000	41,945,938	139,715,938
Total Consolidated Public Improvement Bonds			1,383,855,000	959,245,000	325,456,094	1,284,701,094
Tax increment financing bonds	2016-2044	4.80 - 6.10	17,000,000	17,000,000	21,234,170	38,234,170
Compensated absences	n/a	n/a	n/a	24,876,142	n/a	24,876,142
Capital leases	n/a	n/a	n/a	24,873,547	n/a	24,873,547
Landfill closure obligations	n/a	n/a	n/a	31,611,000	n/a	31,611,000
Agricultural land preservation program	2016-2033	2.19-8.60	n/a	98,661,239	32,097,621	130,758,860
Total debt			$ 1,400,855,000	1,156,266,928 **	378,787,885	1,535,054,813

* Includes administrative fees.

** Does not include deferred refunding premium liability of $91,044,405, unpaid claims of $16,296,841 (including $7,048,193 due within one year), other non-current liabilities of $3,680,719, net OPEB obligation of $409,349,735 and net pension liability of $146,006,284 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes in General Long-Term Debt
Long-Term Obligations
For the Year Ended June 30, 2016

	Balance June 30, 2015	Issued	Refunded	Retired	Balance June 30, 2016
General county bonds:					
General improvement	$ 312,381,940	30,083,406	5,945,460	21,145,352	315,374,534
Storm drain	22,264,003	3,383,774	320,035	1,365,919	23,961,823
Police department	5,082,261	85,802	45,156	368,053	4,754,854
Fire department	21,298,843	1,248,734	1,104,058	1,070,863	20,372,656
Schools	461,034,368	48,415,450	11,553,441	32,254,667	465,641,710
Community renewal	2,415,451	123,309	132,465	259,333	2,146,962
Recreation and parks	39,804,880	10,910,289	982,993	2,123,869	47,608,307
Community college	83,498,254	3,519,236	2,776,392	4,856,944	79,384,154
Total Bonds	947,780,000	97,770,000	22,860,000	63,445,000	959,245,000
Other long-term debt					
Tax increment financing	17,000,000	-	-	-	17,000,000
Compensated absences	23,385,185	3,177,516	-	1,686,559	24,876,142
Capital Leases	17,893,604	10,058,351	-	3,078,408	24,873,547
Landfill closure obligation	31,862,000	-	-	251,000	31,611,000
Agricultural land preservation program	96,626,177	4,817,735	-	2,782,673	98,661,239
Total other long-term debt	186,766,966	18,053,602	-	7,798,640	197,021,928
Total long-term debt	$ 1,134,546,966	115,823,602	22,860,000	71,243,640	1,156,266,928 *

* Does not include deferred refunding premium liability of $91,044,405, unpaid claims of $16,296,841 (including $7,048,193 due within one year), other non-current liabilities of $3,680,719, net OPEB obligation of $409,349,735 and net pension liability of $146,006,284 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
Enterprise Funds
June 30, 2016

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Metropolitan district bonds:						
04-12-07	2007-2037	4.00-4.50	$ 10,000,000	3,690,000	2,771,069	6,461,069
12-19-07	2009-2029	3.75-4.375	11,980,000	9,190,000	2,496,373	11,686,373
04-08-09	2010-2029	3.00-5.00	26,240,000	19,320,000	6,172,914	25,492,914
12-08-09	2011-2030	1.00-4.00	7,255,000	7,045,000	2,365,509	9,410,509
03-09-11	2012-2041	4.00-4.75	49,990,000	45,155,000	31,574,025	76,729,025
11-17-11	2012-2041	3.00-5.00	36,245,000	29,445,000	12,652,728	42,097,728
04-11-12	2013-2037	3.00-4.00	19,970,000	17,645,000	8,035,381	25,680,381
04-04-13	2014-2038	2.375-4.00	39,155,000	34,730,000	13,735,175	48,465,175
04-03-14	2015-2044	2.00-4.00	22,055,000	20,055,000	9,677,944	29,732,944
04-22-15	2016-2045	2.00-5.00	31,015,000	30,290,000	17,396,969	47,686,969
03-15-16	2017-2046	3.125-5.00	26,190,000	26,190,000	15,169,129	41,359,129
Total metropolitan district bonds			280,095,000	242,755,000	122,047,216	364,802,216
MD water quality 10/18/00	2000-2022	2.40	34,000,000	11,939,950	1,641,915 *	13,581,865
MD water quality 1/29/02	2002-2024	2.00	21,329,372	9,185,422	1,273,025 *	10,458,447
MD water quality 10/1/08	2009-2029	2.30	1,088,570	749,313	168,276 *	917,589
MD water quality 11/19/09	2010-2031	1.00	3,443,710	2,632,887	347,981 *	2,980,868
Total water quality			59,861,652	24,507,572	3,431,197	27,938,769
Special recreation facility bonds	2012-2022	2.475	5,400,000	3,672,000	332,203	4,004,203
Compensated absences	n/a	n/a	n/a	844,993	n/a	844,993
Major water and sewer agreements	n/a	n/a	n/a	986,019	n/a	986,019
Total debt			$ 345,356,652	272,765,584 **	125,810,616	398,576,200

* Includes administrative fees.

** Does not include deferred refunding premium of $9,269,295, net OPEB obligation of $7,398,356 and net pension liablity of $2,907,631 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes in Bonded Long-Term Debt
Enterprise Funds
For the Year Ended June 30, 2016

	Balance June 30, 2015	Issued	Refunded	Retired	Balance June 30, 2016
Metropolitan district bonds:					
03-15-07	6,225,000	-	2,285,000	250,000	3,690,000
12-19-07	9,645,000	-	-	455,000	9,190,000
02-27-08	2,480,000	-	2,385,000	95,000	-
04-08-09	20,425,000	-	-	1,105,000	19,320,000
12-08-09	7,170,000	-	-	125,000	7,045,000
03-09-11	46,170,000	-	-	1,015,000	45,155,000
11-17-11	31,735,000	-	-	2,290,000	29,445,000
04-11-12	18,230,000	-	-	585,000	17,645,000
04-04-13	36,390,000	-	-	1,660,000	34,730,000
04-03-14	21,250,000	-	-	1,195,000	20,055,000
04-22-15	31,015,000	-	-	725,000	30,290,000
03-15-16	-	26,190,000	-	-	26,190,000
Total Bonds	230,735,000	26,190,000	4,670,000	9,500,000	242,755,000
Other long-term debt					
MD water quality 10/18/00	13,769,925	-	-	1,829,975	11,939,950
MD water quality 1/29/02	10,311,234	-	-	1,125,811	9,185,423
MD water quality 10/1/08	799,147	-	-	49,835	749,312
MD water quality 11/19/09	2,798,295	-	-	165,408	2,632,887
Total other long-term debt	27,678,601	-	-	3,171,029	24,507,572
Special recreation facility bonds	4,133,000	-	-	461,000	3,672,000
Compensated absences	818,469	40,570	-	14,046	844,993
Major water and sewer agreements	1,461,969	-	-	475,950	986,019
Total long-term debt	$ 264,827,039	26,230,570	4,670,000	13,622,025	272,765,584 *

* Does not include deferred refunding premium of $9,269,295, net OPEB obligation of $7,398,356, and net pension liablity of $2,907,631 included in the Statement of Net Position.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the County Council
Howard County, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Howard County, Maryland's basic financial statements and have issued our report thereon dated November 30, 2016. Our report includes a reference to other auditors who audited the financial statements of the Howard County Public School System, Howard Community College and the Howard County Housing Commission, as described in our report on Howard County, Maryland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Howard County, Maryland's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Howard County, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of Howard County, Maryland's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Howard County, Maryland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Baltimore, Maryland
November 30, 2016

Statistical Section

The Statistical Section provides detailed information for the primary government as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. The tables in this section are unaudited because they often present data from outside accounting records.

Statistical Section (Unaudited)

Index

Financial Trends - These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Howard County, Maryland
Net Position by Category
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	$ 420,387,445	581,284,859	669,410,210	735,346,804	780,074,223	716,222,072	740,258,162	755,904,065	754,407,588	772,350,290
Restricted	139,763,814	147,266,158	161,806,930	163,458,570	83,470,483	82,432,184	94,955,786	109,207,649	99,723,862	109,620,128
Unrestricted (a)	(110,356,141)	(288,540,789)	(442,781,138)	(629,621,547)	(619,606,891)	(620,794,431)	(727,260,025)	(905,160,838)	(950,355,750)	(991,153,043)
Subtotal governmental activities net position	449,795,118	440,010,228 (b)	388,436,002	269,183,827 (c)	243,937,815 (d)	177,859,825 (e)	107,953,923	(40,049,124) (f)	(96,224,300)	(109,182,625)
Business-type activities										
Net investment in capital assets	306,098,965	328,013,443	338,277,158	391,047,153	412,443,596	352,371,984	343,029,639	349,976,408	410,168,067	410,561,263
Restricted	142,022,020	139,098,839	151,228,040	120,266,910	132,071,680	60,755,862	54,677,366	48,248,364	48,241,852	42,470,585
Unrestricted	2,381,317	2,575,641	1,928,964	719,135	1,877,926	85,856,157	114,065,506	115,007,448	107,862,198	138,508,000
Subtotal business-type activities net position	450,502,302	469,687,923	491,434,162	512,033,198 (c)	546,393,202 (d)	498,984,003 (e)	511,772,511	513,232,220 (f)	566,272,117	591,539,848
Primary government										
Net investment in capital assets	726,486,410	909,298,302	1,007,687,368	1,126,393,957	1,192,517,819	1,068,594,056	1,083,287,801	1,105,880,473	1,164,575,655	1,182,911,553
Restricted	281,785,834	286,364,997	313,034,970	283,725,480	215,542,163	143,188,046	149,633,152	157,456,013	147,965,714	152,090,713
Unrestricted	(107,974,824)	(285,965,148)	(440,852,174)	(628,902,412)	(617,728,965)	(534,938,274)	(613,194,519)	(790,153,390)	(842,493,552)	(852,645,043)
Total primary government net position	$ 900,297,420	909,698,151	879,870,164	781,217,025	790,331,017	676,843,828	619,726,434	473,183,096	470,047,817	482,357,223

(a) Deficits occur in unrestricted net position for governmental activities because the County issues debt to fund construction costs for the Public School System and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.

(b) FY2008 net positions of governmental activities was restated in fiscal year 2009.

(c) FY2010 net positions of governmental and business-type activities were restated in fiscal year 2011.

(d) FY2011 net positions of governmental and business-type activities were restated in fiscal year 2012.

(e) FY2012 net positions of governmental and business-type activities were restated in fiscal year 2013.

(f) FY2014 net positions of governmental and business-type activities were restated in fiscal year 2015, mainly due to the implementation of GASB 68, which resulted in an overall negative net positions of governmental activities.

Howard County, Maryland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	$ 43,441,064	46,844,606	49,015,557	40,551,179	50,599,944	84,025,615 (c)	87,405,901	104,520,136	75,558,318	66,234,421
Public safety	122,208,338	144,114,893	152,639,155	154,381,502	167,113,492	184,324,533	196,950,283	198,590,882	208,298,711	207,170,029
Public works (a)	103,782,948	95,262,350	115,081,550	101,682,165	102,947,974	115,231,452	130,500,653	148,889,651	179,349,488	156,707,838
Recreation and parks	28,304,306	28,335,338	28,490,509	26,909,791	27,086,201	29,974,257	29,210,799	35,764,376	37,193,427	42,880,875
Legislative and judicial	17,935,936	21,577,751	21,414,495	19,917,865	21,684,657	22,248,551	23,682,923	23,259,531	27,110,955	26,070,345
Community services	36,624,968	39,035,177	42,552,461	38,203,641	38,522,217	45,302,315	38,506,895	45,311,763	48,650,488	45,928,376
State highways (a)	2,244,049	378,464	646,354	2,450,937	1,917,170	2,900,053	7,225,028	6,634,669	763,353	3,341,087
Education	538,176,394	587,904,740	560,909,969	557,205,570	605,557,506	610,774,387	639,025,259	637,839,632	669,067,653	717,742,080
Interest on long-term debt	31,436,334	35,419,506	33,065,408	32,759,477	37,102,195	53,851,903	47,729,955	50,489,693	43,648,543	49,977,613
Total governmental activities expenses	924,154,337	998,872,825 (b)	1,003,815,458	974,062,127	1,052,531,356	1,148,633,066	1,200,237,696	1,251,300,333	1,289,640,936	1,316,052,664
Business-type activities:										
Water and sewer	64,479,789	66,966,290	59,226,089	64,845,285	66,636,363	67,635,638	87,569,376	98,795,678	97,764,211	95,781,698
Golf course	1,896,158	1,910,116	1,734,769	1,791,000	1,762,425	1,921,518	1,885,101	-	-	-
Other (d)	-	-	-	-	-	-	-	3,094,253	5,977,330	6,551,799
Total business-type activities expenses	66,375,947	68,876,406	60,960,858	66,636,285	68,398,788	69,557,156	89,454,477	101,889,931	103,741,541	102,333,497
Total primary government expenses	990,530,284	1,067,749,231	1,064,776,316	1,040,698,412	1,120,930,144	1,218,190,222	1,289,692,173	1,353,190,264	1,393,382,477	1,418,386,161
Program revenues										
Governmental activities:										
Charges for services										
General government	19,202,259	21,908,851	22,623,190	29,198,040	33,914,325	42,534,975	46,065,885	49,312,264	40,365,251	41,462,547
Public works	40,699,663	42,589,702	39,248,132	42,937,855	41,652,829	46,145,115	43,476,909	44,007,973	48,319,370	50,419,335
Recreation and parks	11,467,477	12,213,842	13,050,979	12,621,042	13,361,672	13,591,958	14,420,583	16,481,357	17,471,881	18,231,380
Other	6,999,654	6,787,417	8,482,772	7,079,677	8,665,495	22,407,037	10,725,120	12,538,229	25,188,353	13,987,065
Operating grants and contributions	25,128,602	25,331,284	35,559,629	26,732,848	26,559,373	46,323,888	27,837,622	33,472,335	35,864,017	40,094,831
Capital grants and contributions	47,769,364	32,890,596	27,160,200	22,998,508	24,715,975	68,472,451 (e)	42,575,352	10,215,527	16,814,899	27,792,294
Total governmental activities program revenues	151,267,019	141,721,692	146,124,902	141,567,970	148,869,669	239,475,424	185,101,471	166,027,685	184,023,771	191,987,452
Business-type activities:										
Charges for services										
Water and sewer	40,708,994	43,270,127	43,184,222	44,355,147	48,606,394	50,729,734	54,712,858	59,641,881	64,133,085	64,965,916
Golf course	2,294,374	2,257,710	2,103,674	2,149,442	2,056,408	2,134,912	2,069,082	-	-	-
Other (d)	-	-	-	-	-	-	-	12,310,600	14,129,334	14,256,985
Operating grants and contributions	23,386,096	27,199,512	30,981,090	32,395,714	30,884,327	29,880,497	29,006,605	29,196,783	30,010,057	31,339,509
Capital grants and contributions	5,922,565	13,087,530	6,959,259	9,666,912	24,331,033	21,109,099	16,285,260	11,361,621	51,939,661	14,728,750
Total business-type activities program revenues	72,312,029	85,814,879	83,228,245	88,567,215	105,878,162	103,854,242	102,073,805	112,510,885	160,212,137	125,291,160
Total primary government program revenues	$ 223,579,048	227,536,571	229,353,147	230,135,185	254,747,831	343,329,666	287,175,276	278,538,570	344,235,908	317,278,612

(continued)

Howard County, Maryland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expenses)/revenue										
Governmental activities	$ (772,887,318)	(857,151,133)	(857,690,556)	(832,494,157)	(903,661,687)	(909,157,642)	(1,015,136,225)	(1,085,272,648)	(1,105,617,165)	(1,124,065,212)
Business-type activities	5,936,082	16,938,473	22,267,387	21,930,930	37,479,374	34,297,086	12,619,328	10,620,954	54,470,596	22,957,663
Total primary government net expenses	(766,951,236)	(840,212,660)	(835,423,169)	(810,563,227)	(866,182,313)	(874,860,556)	(1,002,516,897)	(1,074,651,694)	(1,051,146,569)	(1,101,107,549)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	383,551,777	426,302,542	467,389,345	494,218,364	504,884,233	504,771,008	523,266,142	539,731,584	559,405,539	586,123,532
Local income taxes	287,499,387	323,836,591	271,595,421	266,953,624	331,334,252	358,356,561	360,251,116	400,455,701	412,674,188	431,743,893
Other local taxes	67,000,997	53,619,620	40,889,560	47,911,642	46,357,182	54,343,807	61,337,101	61,035,196	68,300,957	72,656,951
Intergovernmental, unrestricted	15,955,176	15,513,177	13,409,168	790,181 (i)	1,089,121	780,358	1,422,086	1,466,960	1,553,636	1,836,227
Unrestricted investment income	18,723,699	24,208,820	10,547,370	6,481,902	2,890,191	9,636,106	(552,647) (j)	2,230,944	2,840,722	5,054,711
Miscellaneous	47,835	508,178	589,962	861,084	816,830	1,216,774	1,195,039	1,102,401	970,104	3,347,590
Transfers	(1,557,550)	703,755	1,695,504	(587,000)	2,995,034	(586,842)	-	7,345,000	3,696,843	2,318,086
Subtotal governmental activities	771,221,321	844,692,683	806,116,330	816,629,797	890,366,843	928,517,772	946,918,837	1,013,367,786	1,049,441,989	1,103,080,990
Business-type activities:										
Unrestricted investment income	2,520,843	2,950,903	1,174,356	395,605	196,349	170,617	169,180	135,292	242,826	823,902
Miscellaneous	-	-	-	-	-	-	-	-	23,318	3,804,252
Transfers	1,557,550	(703,755)	(1,695,504)	587,000	(2,995,034)	586,842	-	(7,345,000)	(3,696,843)	(2,318,086)
Subtotal business-type activities	4,078,393	2,247,148	(521,148)	982,605	(2,798,685)	757,459	169,180	(7,209,708)	(3,430,699)	2,310,068
Total primary government	775,299,714	846,939,831	805,595,182	817,612,402	887,568,158	929,275,231	947,088,017	1,006,158,078	1,046,011,290	1,105,391,058
Net position balances										
Governmental activities:										
Change in net position, governmental activities	(1,665,997) (g)	(12,458,450)	(51,574,226) (h)	(15,864,360)	(13,294,844)	19,360,130	(68,217,388)	(71,904,862)	(48,149,278)	(20,984,222)
Net position, beginning-governmental activities	451,461,115	449,795,118	440,010,228	388,436,002	377,349,272	254,510,988	263,297,945	107,953,923	36,049,061	(88,198,403)
Restatement	-	2,673,560	-	4,777,630	(109,543,440)	(10,573,173)	(87,126,634)	-	(76,098,186)	-
Net position, ending-governmental activities	449,795,118	440,010,228	388,436,002	377,349,272	254,510,988	263,297,945	107,953,923	36,049,061	(88,198,403)	(109,182,625)
Business-type activities:										
Change in net position, business-type activities	10,014,475	19,185,621	21,746,239	22,913,535	34,680,689	35,054,545	12,788,508	3,411,246	53,039,897	25,267,731
Net position, beginning-business-type activities	440,487,827	450,502,302	469,687,923	491,434,162	514,347,697	546,713,887	581,447,747	511,772,511	515,183,757	566,272,117
Restatement (f)	-	-	-	-	(2,314,499)	(320,685)	(82,463,744)	-	(1,951,537)	-
Net position, ending-business-type activities	450,502,302	469,687,923	491,434,162	514,347,697	546,713,887	581,447,747	511,772,511	515,183,757	566,272,117	591,539,848
Total primary government	$ 900,297,420	909,698,151	879,870,164	891,696,969	801,224,875	844,745,692	619,726,434	551,232,818	478,073,714	482,357,223

(a) State highways expenses were misclassified as public works in fiscal years 2006, 2007, and 2008, but have been restated for comparative analysis.

(b) In fiscal year 2009, the fiscal year 2008 net position of governmental activities was restated due to failure to capitalize all eligible expenditures as work in progress. Expenses of governmental activities for fiscal year 2008 were restated, accordingly, for comparative analysis across fiscal years.

(c) The increase from prior period is due to expenses incurred on behalf of the other local government jurisdictions participating in the Inter-County Broadband Network (ICBN) Project.

(d) Other consists of golf course and watershed restoration and protection in fiscal year 2014, as well as broadband services starting in fiscal year 2015.

(e) The increase from prior period is due to recognizing significant federal grant monies for the ICBN Project.

(f) Net position of business-type activities was restated in fiscal year 2006 to eliminate internal balances created in prior years to allocate profit and loss in internal service funds since internal service funds operate under the premise of breaking even.

(g) The decrease from prior period results from a decrease in local income taxes due to a change in the timing of remittance from the State.

(h) The decrease from prior period is the result of decreases in local taxes and interest income due to the downturn of the national economy.

(i) In fiscal year 2010, funding from the State government for highway improvements was drastically reduced.

(j) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.

Howard County, Maryland
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Nonspendable	$ -	-	-	-				3,319	7,632,118	7,632,118
Spendable:	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	1,972,282
Committed	-	-	-	-	56,803,611	56,258,912	57,209,710	59,271,162	64,172,639	64,172,639
Assigned	-	-	-	-	27,137,601	45,003,053	67,354,332	64,171,013	53,577,009	53,577,009
Unassigned	-	-	-	-	8,732,004	10,616,787	9,095,856	2,831,645	12,015,718	12,015,718
Reserved	47,836,852	55,005,480	57,940,737	61,447,806	-	-	-	-	-	-
Unreserved (a), (b)	67,301,953	47,921,532	23,858,483	10,324,543	-	-	-	-	-	-
Total general fund	115,138,805	102,927,012	81,799,220	71,772,349	92,673,216 (c)	111,878,752 (c)	133,659,898 (c)	126,277,139	137,397,484 (d)	139,369,766
All other governmental funds										
Nonspendable	-	-	-	-	14,244,327	14,620,132	14,929,252	16,636,383	648,352	648,352
Spendable:										
Restricted	-	-	-	-	83,470,483	82,432,184	94,955,786	97,656,784	107,647,846	107,647,846
Committed	-	-	-	-	39,463,332	46,521,229	47,867,222	38,602,234	46,729,075	46,729,075
Assigned	-	-	-	-	77,104,933	72,761,301	62,934,694	63,615,900	63,361,371	63,361,371
Unassigned	-	-	-	-	(106,842,248)	(82,621,664)	(77,809,341)	(67,616,626)	(125,621,490)	(125,621,490)
Reserved	75,600,981	70,577,773	74,362,241	94,605,498	-	-	-	-	-	-
Unreserved reported in:										
Special revenue funds	75,624,786	83,717,538	88,000,417	102,795,989	-	-	-	-	-	-
Capital projects funds	(73,359,763)	(52,594,957)	(48,107,393)	(54,747,305)	-	-	-	-	-	-
Total all other governmental funds	77,866,004	101,700,354	114,255,265	142,654,182	107,440,827	133,713,182	142,877,613	148,894,675	92,765,154	92,765,154
Total governmental funds	$ 193,004,809	$ 204,627,366	$ 196,054,485	$ 214,426,531	$ 200,114,043	$ 245,591,934	$ 276,537,511	$ 275,171,814	$ 230,162,638	$ 232,134,920

Notes:

Fund balance format for 2011 has been updated due to implementation of GASB Statement No. 54.

(a) Decreases in the general fund - unreserved fund balance from fiscal years 2007 to 2010 were the result of downturns in the national economy.

(b) Increases in the general fund - unreserved fund balance from fiscal years 2006 to 2007 were the result of increases in local income, property, and/or recordation taxes received.

(c) Increases in the total fund balance of the general fund in fiscal years 2011 through 2013 were due to increases in the local income taxes received.

(d) Decrease in the total balance of the general fund in fiscal year 2015 was due to one-time initiatives of $37.7 million.

Howard County, Maryland
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property taxes (a)	$ 384,236,664	426,188,822	466,921,737	494,641,029	504,030,717	504,228,502	524,942,040	539,320,074	559,393,599	586,906,599
Other local taxes	360,307,897	370,344,167	358,102,738 (b)	341,954,181 (b)	361,710,858	411,966,798	436,072,090	453,982,722	463,904,916	506,819,854
State shared taxes	15,955,176	15,513,177	13,409,168	790,181 (c)	1,089,121	780,358	1,422,086	1,247,317	1,531,596	2,077,909
Revenues from other agencies (grants)	-	-	-	-	-	-	-	-	-	7,056,610
Revenues from other governments	43,832,673	39,792,804	46,184,349	30,866,154	40,479,177	80,612,132	73,118,716	37,436,410	35,645,234	23,559,443
Charges for services	39,894,526	42,488,507	45,518,420	47,153,092	49,916,981	49,498,494	51,204,711	53,168,180	54,693,447	55,954,266
Interest on investments	17,655,119	22,647,797	10,347,213	6,435,344	2,394,644	9,487,997	(712,942) (f)	2,010,668	2,574,475	4,970,717
Installment interest from housing loans	-	-	-	-	495,546	148,109	160,296	220,274	268,410	83,994
Licenses and permits	7,047,647	6,311,980	4,923,057	5,839,006	5,651,511	5,754,961	6,455,619	6,696,288	6,586,220	7,200,241
Fines and forfeitures	3,154,241	3,607,775	3,602,384	2,983,119	3,393,723	3,534,706	3,462,342	3,863,722	4,024,120	4,356,639
Developer contributions (d)	1,811,520	2,345,464	1,229,577	1,665,829	1,363,545	1,556,906	1,767,910	1,446,618	4,561,155	4,612,357
Rental of property (d)	991,458	510,315	716,648	206,754	197,100	196,214	159,373	177,814	111,853	-
Recoveries for interfund services	5,418,929	5,932,335	6,009,417	11,457,728	11,734,246	11,720,813	11,553,101	11,633,284	14,133,304	15,706,180
Payments from component units (d)	47,835	508,178	589,962	861,084	816,830	817,842	818,144	818,167	351,439	2,588,330
Sale of property	-	-	-	-	-	-	-	-	3,464,497	-
Miscellaneous program revenues	8,651,601	9,094,850	8,189,651	8,645,463	8,752,216	22,328,003	13,318,287	14,594,154	14,355,166	25,441,734
Total revenues	889,005,286	945,286,171	965,744,321	953,498,964	992,026,215	1,102,631,835	1,123,741,773	1,126,615,692	1,165,599,431	1,247,334,873
Expenditures										
Current:										
General government	23,089,141	23,311,692	23,163,146	21,822,449	23,691,385	25,227,536	33,612,637	45,526,306	50,754,551	54,918,742
Legislative & judicial	18,554,621	20,943,849	21,184,129	19,370,470	20,263,005	20,919,318	21,547,432	22,684,466	24,165,800	25,893,292
Public works	78,994,209	85,529,891	92,855,401	87,553,902	84,173,380	92,598,067	90,672,711	97,867,406	104,503,144	102,894,102
Public safety	128,272,671	141,928,781	147,359,582	148,773,884	156,336,439	168,832,385	175,555,967	191,882,471	205,038,450	208,774,567
Recreation and parks	23,986,622	25,309,800	25,616,451	24,363,103	23,856,314	27,999,911	30,906,131	35,432,626	36,911,248	38,473,557
Community services	33,668,684	40,935,310	43,321,961	37,096,762	36,935,327	36,671,787	37,503,416	45,406,497	46,474,576	44,631,695
Education (e)	536,256,495	546,950,012	558,271,124	542,819,926	572,584,372	584,322,887	603,534,562	606,673,692	651,103,285	651,837,577
Capital improvements (d) (e)	62,188,653	93,569,283	63,681,785	79,441,474	129,566,744	146,521,532	101,470,657	106,355,030	112,042,331	133,208,954
Debt service:										
Principal	41,716,000	45,182,000	48,850,000	50,192,000	52,461,000	58,381,930	54,262,375	60,433,375	61,185,578	68,484,249
Interest	30,330,362	33,696,141	34,907,537	33,465,400	37,179,040	40,178,908	43,795,819	45,176,541	45,595,837	45,384,247
Total expenditures	977,057,458	1,057,356,759	1,059,211,116	1,044,899,370	1,137,047,006	1,201,654,261	1,192,861,707	1,257,438,410	1,337,774,800	1,374,500,982
Excess (deficiency) of revenues over expenditures	(88,052,172)	(112,070,588)	(93,466,795)	(91,400,406)	(145,020,791)	(99,022,426)	(69,119,934)	(130,822,718)	(172,175,369)	(127,166,109)
Other Financing Sources (Uses)										
Bond premium	6,736,869	10,319,070	4,104,393	18,974,053	4,604,998	30,560,868	9,283,948	11,979,779	17,522,949	13,541,018
Capital leases	-	-	-	4,909,012	186,598	-	-	-	12,562,393	10,058,351
Capital-related debt issued	100,000,000	107,500,000	69,720,000	101,010,000	111,115,000	109,310,002	91,930,000	117,315,277	100,180,000	76,490,000
Refunding bonds issued	-	87,420,000	-	85,860,000	-	110,115,000	5,980,000	16,809,723	84,015,000	21,280,000
Capital lease	-	-	-	(4,909,012)	-	-	-	-	-	-
Installment purchase agreements issued (d)	-	8,369,200	893,000	-	10,274,400	25,253,100	-	4,951,615	3,448,120	4,817,735
Payment to bond refunding escrow agent	-	(92,179,903)	-	(99,078,896)	-	(128,985,283)	(6,714,081)	(32,958,802)	(93,816,818)	(26,600,367)
Transfers in	68,119,015	89,413,236	94,990,994	35,705,614	39,835,317	38,465,384	45,403,189	66,149,637	53,153,609	27,765,305
Transfers out	(68,607,987)	(87,148,458)	(87,295,333)	(36,246,056)	(36,788,523)	(40,218,754)	(45,378,817)	(54,790,208)	(47,084,255)	(24,910,692)
Total other financing sources and uses	106,247,897	123,693,145	82,413,054	106,224,715	129,227,790	144,500,317	100,504,239	129,457,021	129,980,998	102,441,350
Net change in fund balances	$ 18,195,725	11,622,557	(11,053,741)	14,824,309	(15,793,001)	45,477,891	31,384,305	(1,365,697)	(42,194,371)	(24,724,759)
Debt service as a percentage of noncapital expenditures	7.88%	8.14%	8.35%	8.67%	8.87%	8.92%	8.61%	8.91%	8.42%	8.73%

(a) Increase in real property taxes is due to steady increases in property values in the County.
(b) Other local taxes decreased due to declines in the quantity and value of real estate transactions.
(c) Decrease in State shared taxes is due to drastic decline in State highways funding.
(d) Reclassifications of prior years' data were made to allow for consistency purposes and comparison amongst all years.
(e) Expenditures on capital projects for the Public School System and Community College were reclassified to the Education function in fiscal year 2006 from the Capital Improvements line in previous years.
(f) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.

Howard County, Maryland
Assessed and Estimated Accrual Value of Taxable Property
Last Ten Fiscal Years

	Real Property				Personal Property		Total
Fiscal Year	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value
2007	$ 28,754,085,178	6,172,812,902	34,926,898,080	1.014	1,468,267,950	2.535	36,395,166,030
2008	34,222,495,933	6,539,516,569	40,762,012,502	1.014	1,496,189,730	2.535	42,258,202,232
2009	39,129,032,552	7,012,754,331	46,141,786,883	1.014	1,497,439,490	2.535	47,639,226,373
2010	41,289,749,176	7,374,511,107	48,664,260,283	1.014	1,588,889,810	2.535	50,253,150,093
2011	39,020,062,724	7,498,201,792	46,518,264,516	1.014	1,623,786,020	2.535	48,142,050,536
2012	36,128,044,459	7,493,817,659	43,621,862,118	1.014	1,555,657,980	2.535	45,177,520,098
2013	35,145,195,556	7,494,536,821	42,639,732,377	1.014	1,561,354,930	2.535	44,201,087,307
2014	35,501,333,441	7,489,276,140	42,990,609,581	1.014	1,561,531,690	2.535	44,552,141,271
2015	36,390,442,780	7,722,275,864	44,112,718,644	1.014	1,618,445,500	2.535	45,731,164,144
2016	37,954,765,647	7,984,317,384	45,939,083,031	1.014	1,702,530,310	2.535	47,641,613,341

(a) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value. Tax-exempt property is not included in the assessed value.

(b) Rates are per $100 of assessed value.

Howard County, Maryland
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per $100 of Assessed Value)

	Howard County Direct Rates	
Fiscal Year	Real Property	Personal Property
2007	1.014	2.535
2008	1.014	2.535
2009	1.014	2.535
2010	1.014	2.535
2011	1.014	2.535
2012	1.014	2.535
2013	1.014	2.535
2014	1.014	2.535
2015	1.014	2.535
2016	1.014	2.535

Howard County, Maryland
Principal Property Taxpayers
Current Year and Nine Years Ago

2016			2007		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	$ 374,054,800	0.79%	Baltimore Gas & Electric Company	$ 286,673,200	0.79%
Parcel D Property LLC	368,613,000	0.77%	Mall in Columbia Business Trust	167,951,400	0.46%
Mall in Columbia Business Trust	254,181,900	0.53%	Verizon - Maryland	108,620,100	0.30%
Howard Properties Howard Crossing	136,780,100	0.29%	Magazine Howard Crossing LLC	77,114,500	0.21%
Verizon-Maryland Inc.	111,965,680	0.24%	API Columbia Town Center LLC	71,960,800	0.20%
Seasons of Laurel LLC	101,696,533	0.21%	AIMCO	69,445,265	0.19%
API Columbia Town Center LLC	73,444,000	0.15%	Liberty Property Ltd Partnership	67,604,715	0.19%
KMF Sherwood Crossing LLC	70,164,653	0.15%	Howard Research and Development	67,010,476	0.18%
Cellco Partnership	54,120,987	0.11%	New Cingular Wireless PCS, LLC	60,089,590	0.17%
New Cingular Wireless PCS LLC	34,618,440	0.07%	Sprint Communications	44,648,280	0.12%
Total	$ 1,579,640,093	3.32%	Total	$ 1,021,118,326	2.81%

Source: Howard County Department of Finance, Bureau of Revenue

Howard County, Maryland
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 435,502,514	433,853,289	99.6%	1,571,584	435,424,873	100.0%
2008	507,119,578	505,465,702	99.7%	1,408,382	506,874,084	100.0%
2009	569,987,425	568,246,317	99.7%	1,186,929	569,433,246	99.9%
2010	601,068,331	599,327,223	99.7%	1,158,123	600,485,346	99.9%
2011	577,633,399	574,828,923	99.5%	2,505,940	577,334,863	99.9%
2012	541,972,687	540,659,569	99.8%	934,431	541,594,000	99.9%
2013	551,716,941	547,732,006	99.3%	3,588,480	551,320,486	99.9%
2014	555,254,638	550,755,917	99.2%	3,938,682	554,694,599	99.9%
2015	569,892,160	564,921,980	99.1%	-	564,921,980	99.1%
2016	594,757,776	490,149,937	82.4%	-	490,149,937	82.4%

Source: Howard County Department of Finance, Bureau of Revenue

Howard County, Maryland
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

	Governmental Activities						Business-Type Activities							
Fiscal Year	General Obligation Bonds (a)	State Water Quality Revolving Loans	Installment Purchase Agreements	Tax Increment Bonds	Capital Leases	Total Governmental Activities	Metropolitan District Bonds (a)	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Capital Leases	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (b)	Portion of Per Capita Personal Income (b)
2007	611,442	11,555	52,445	-	-	675,442	93,306	8,420	52,831	-	154,557	829,999	4.99%	3,047
2008	679,878	9,760	60,582	-	-	750,220	89,797	7,915	49,220	32	146,964	897,184	5.03%	3,148
2009	704,588	7,980	61,240	-	-	773,808	112,281	7,395	46,576	17	166,269	940,077	5.20%	3,214
2010	771,706	5,795	60,998	-	4,889	843,388	113,712	6,870	43,220	-	163,802	1,007,190	5.52%	3,491
2011	832,751	4,050	71,122	-	4,945	912,868	157,344	6,330	41,958	-	205,632	1,118,500	5.75%	3,816
2012	901,586	2,850	94,623	-	4,738	1,003,797	189,930	5,400	38,364	-	233,694	1,237,491	5.86%	4,133
2013	943,831	2,840	92,695	-	5,191	1,044,557	213,780	5,022	34,110	-	252,912	1,297,469	6.01%	4,260
2014	989,035	2,830	95,629	17,000	5,062	1,109,556	220,642	4,583	30,930	-	256,155	1,365,712	N/A	N/A
2015	1,035,280	2,475	96,626	17,000	17,894	1,169,276	238,963	4,133	27,679	-	270,775	1,440,051	N/A	N/A
2016	1,050,289	-	98,661	17,000	24,874	1,190,824	251,963	3,240	24,508	-	279,711	1,470,535	N/A	N/A

(a) The amounts reported for debt include deferred refunding premium and discount.

(b) See the Demographic and Economic Statistics schedule for personal income and population data.

Note: Details regarding the County's outstanding debt can be found in the notes to basic financial statements.

Howard County, Maryland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2007	278,900	622,997	1.7%	2,234
2008	282,674	689,638	1.6%	2,440
2009	284,952	712,568	1.5%	2,501
2010	287,907	782,390	1.6%	2,718
2011	291,200	841,746	1.7%	2,891
2012	294,256	909,174	2.0%	3,090
2013	297,732	951,863	2.2%	3,197
2014	302,113	996,897	2.2%	3,300
2015	305,462	1,072,650	2.3%	3,512
2016	316,579	1,103,582	0.0%	3,486

(a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements. The amounts reported for debt include deferred refunding premium and discount.

(b) See the Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.

(c) See the Demographic and Economic Statistics schedule for population data.

Note: Details regarding the County's outstanding debt can be found in the notes to basic financial statements.

Howard County, Maryland
Legal Debt Margin
Last Ten Fiscal Years
(in thousands of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed value	(a)	(a)	(a)	(a)	(a)		(a)	(a)	(a)	(a)
Real property	34,926,898	40,762,012	46,141,787	48,664,260	46,518,265	43,621,862	42,639,732	42,990,610	44,112,719	45,939,083
Personal property	1,468,268	1,496,190	1,497,439	1,588,890	1,623,786	1,555,658	1,561,355	1,561,532	1,618,446	1,702,530
Total assessed value	36,395,166	42,258,202	47,639,226	50,253,150	48,142,051	45,177,520	44,201,087	44,552,141	45,731,164	47,641,613
Legal debt margin										
Debt limit (12% of 40% of assessed value of real property)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt limit (12% of 100% of assessed value of personal property)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt limit (4.8% of assessed value of real property and personal property)	1,746,968	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096	2,286,797
Total debt limit	1,746,968	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096	2,286,797
Debt applicable to limit										
General county	588,785	648,875	671,881	723,305	783,855	906,324	949,022	994,097	1,053,174	1,075,163
State Water Quality Revolving Loan	11,555	9,760	7,980	5,795	4,050	2,850	2,840	2,830	2,475	-
Maryland State Retirement System Liability	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	600,340	658,635	679,861	729,100	787,905	909,174	951,862	996,927	1,055,649	1,075,163
Legal debt margin	1,146,628	1,369,759	1,606,822	1,683,051	1,522,913	1,259,347	1,169,791	1,141,576	1,139,447	1,211,634
Total debt applicable to the limit as a percentage of debt limit	34.36%	32.47%	29.73%	30.23%	34.10%	41.93%	44.86%	46.62%	48.09%	47.02%

(a) The County Charter amended the borrowing limits effective Dec 7, 2006, to 4.8% of the assessable base of the County.

Note: The amounts reported for debt include deferred refunding premium and discount.

Howard County, Maryland
Pledged Revenue Coverage
Special Recreation Facility
Current and Prior Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	$ 2,308,060	1,516,767	791,293	495,000	263,573	1.04
2008	2,282,219	1,533,517	748,702	505,000	253,573	0.99
2009	2,120,794	1,400,663	720,131	520,000	243,322	0.94
2010	2,174,432	1,460,408	714,024	525,000	232,347	0.94
2011	2,080,177	1,444,807	635,370	540,000	219,822	0.84
2012	2,164,962	1,458,542	706,420	555,000	204,748	0.93
2013	2,091,506	1,482,180	609,326	378,000	135,504	1.19
2014	2,010,152	1,570,610	439,542	439,000	119,351	0.79
2015	1,893,015	1,459,050	433,965	450,000	108,362	0.78
2016	1,840,152	1,556,796	283,356	461,000	98,429	0.51

Note: Operating expenses do not include depreciation or interest paid as part of debt service

Howard County, Maryland
Pledged Revenue Coverage
Tax Increment Financing District
Current and Prior Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	$ -	-	-	-	-	n/a
2015	968	64,912	(63,944)	-	939,435	(0.07)
2016	1,945,699	150,454	1,795,245	-	1,012,565	1.77

Howard County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2007	278,900	17,266,223	62,742	48,222	2.9%
2008	282,674	17,917,576	64,358	48,595	3.3%
2009	284,952	18,034,525	63,713	48,888	5.6%
2010	287,907	18,716,589	64,880	49,683	5.8%
2011	291,200	20,141,181	68,594	49,991	5.7%
2012	294,256	21,263,384	71,030	50,997	5.6%
2013	297,732	21,587,512	70,876	51,190	5.5%
2014	302,113	N/A	N/A	51,701	4.8%
2015	305,462	N/A	N/A	52,511	4.5%
2016	316,579	N/A	N/A	54,870	3.5%

Sources:

(a) Howard County Department of Planning and Zoning - Estimated population is presented as of July 1st.

(b) Personal Income and Per Capita Personal Income revised and restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce.

(c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year.

(d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.

Howard County, Maryland
Principal Employers
Current Year and Nine Years Ago

	2016			2007		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	7,710	1	4.51%	6,872	1	4.94%
Johns Hopkins Applied Physics Laboratory	5,000	2	2.92%	4,050	2	2.91%
Howard County Government	3,052	3	1.78%	2,691	3	1.94%
Lorien Health Systems	2,000	4	1.17%			
Howard County General Hospital	1,827	5	1.07%	1,700	5	1.22%
Howard Community College	1,438	6	0.84%			
Verizon	1,346	7	0.79%	2,028	4	1.46%
Leidos	1,195	8	0.70%			
MICROS	1,052	9	0.62%	815	10	0.59%
Coastal Sunbelt Produce	1,050	10	0.61%			
Giant Food	1,050	10	0.61%	1,011	9	0.73%
Columbia Association				1,600	6	1.15%
SAIC				1,400	8	1.01%
Arbitron, Inc.				1,500	7	1.08%
Total	26,720		15.61%	23,667		17.03%

Source:
Howard County Economic Development Authority

Howard County, Maryland
County Government Employees by Function
Last Ten Fiscal Years

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	283	291	288	287	288	292	299	312	335	341
Public safety										
Police	550	595	623	624	624	634	635	651	672	667
Fire	361	404	405	417	419	419	461	463	472	465
Corrections	141	144	144	144	145	144	144	148	152	153
Public works	556	577	579	579	575	572	577	599	612	611
Recreation and parks	246	251	246	246	252	256	261	268	281	283
Legislative and judicial	188	197	204	202	202	202	202	204	206	208
Community services	366	384	380	358	341	343	299	307	324	325
Total	2,691	2,843	2,869	2,857	2,846	2,862	2,878	2,952	3,054	3,053

Source: Howard County Budget Office

Howard County, Maryland
Operating Indicators by Function/Program
Last Ten Fiscal Years

Date of incorporation	1851
Form of government	Executive/Council
Date present charter adopted	1968
Area in square miles	215

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Finance:										
Real property tax accounts billed	92,592	93,712	94,813	95,846	97,099	98,023	98,884	99,034	105,692	105,692
Business personal property tax accounts billed	9,906	11,854	9,613	9,833	11,658	9,809	9,829	8,831	10,628	13,232
Public Safety										
Police:										
Physical arrests	9,160	9,686	9,987	10,383	10,451	10,810	10,315	10,885	10,016	9,351
Parking violations	8,484	8,933	10,556	6,919	5,445	4,415	9,052	9,439	7,180	7,180
Traffic violations	62,730	65,217	80,724	80,735	81,588	84,306	85,682	88,987	99,963	92,314
Fire:										
Emergency responses	63,396	63,598	64,425	65,362	60,183	59,887	58,129	56,925	58,369	58,484
Inspections	471	570	610	1,425	1,217	2,173	2,516	2,203	2,742	2,865
Corrections:										
Average daily prison population	297	278	284	287	308	320	340	348	304	284
Public Works										
Inspections, licenses and permits:										
Construction permits issued	6,112	5,835	4,370	5,047	5,249	5,583	6,293	6,007	6,379	7,145
Environmental services:										
Refuse collected (tons per year)	125,494	120,838	107,756	102,492	103,749	102,249	101,912	103,120	115,941	103,719
Recyclables collected (tons per year)	60,317	54,293	60,860	61,993	63,100	64,619	61,974	58,197	55,704	57,815
Recreation and parks										
Programs operated	4,186	4,200	4,226	4,328	3,998	4,479	5,723	6,792	7,250	7,324
Registrations processed	105,665	106,014	101,503	113,354	85,598	84,420	89,345	102,305	103,731	105,522
Legislative and judicial										
Circuit court cases filed	1,182	996	999	957	985	1,021	1,007	1,057	1,064	1,238
District court cases filed	12,373	13,815	12,295	13,193	13,379	13,867	12,685	10,730	9,296	9,527
Community services										
50+ centers operated (a)	9	9	9	9	9	7	7	7	7	7
Consumer affairs - cases closed	210	191	223	225	210	278	246	319	282	287
Community service partnership grants	31	32	36	36	33	33	28	28	30	30
Assisted living monitoring visits	205	163	217	172	418	183	205	543	461	535
Water and sewer										
Water main breaks	137	82	137	185	174	172	189	176	186	170
Average daily water consumption (thousands of gallons)	23,000	22,400	22,000	23,910	24,930	22,610	22,370	23,580	21,870	22,100
Number of water customers	67,868	69,170	69,833	70,646	70,062	72,229	73,121	74,153	74,991	74,206
Average daily sewage treatment (thousands of gallons)	25,600	24,400	26,800	26,530	24,628	26,350	26,860	26,980	27,500	27,660
Number of sewer customers	64,240	65,494	66,096	66,862	68,163	68,872	69,727	70,714	71,547	72,474
Golf course										
Rounds played	41,395	40,455	36,450	35,525	34,309	36,142	35,432	34,197	31,260	31,271

Sources: Various Howard County Departments

Note: Indicators are not available for the State highways or education functions.

(a) Senior centers renamed to 50+ centers in 2015.

Howard County, Maryland
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Buildings	11	12	17	19	20	23	38	40	44	44
Vehicles	44	49	60	65	54	57	45	43	51	51
Legislative and judicial										
Vehicles	53	58	61	67	66	70	70	77	71	71
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	207	225	244	265	265	286	292	291	292	284
Other vehicles	209	231	250	237	212	250	264	226	214	214
Fire:										
Stations (a)	6	6	6	6	6	6	6	6	6	6
Pumpers/tankers	31	34	32	28	28	29	25	28	29	29
Ladder trucks	6	7	7	5	5	6	6	6	7	8
Paramedic units	24	27	28	30	30	32	34	32	32	37
Vehicles	106	118	101	128	133	119	118	119	120	120
Public Works										
Buildings (b)	28	28	31	31	31	36	40	40	40	42
Transit buses	52	53	56	67	58	57	52	57	42	42
Vehicles	234	278	279	385	339	354	355	354	367	367
Streets (miles) (c)	980	988	995	1,014	1,015	1,030	1,035	1,044	1,062	1,066
Streetlights (d)	6,153	6,427	6,686	6,944	7,048	7,315	7,558	7,750	7,941	8,131
Stormwater management facilities (e)	745	745	770	850	908	933	983	1,011	1,127	1,216
Recreation and parks										
Buildings	44	44	44	45	44	59	62	62	62	65
Parks and open space acreage	8,439	8,678	8,737	8,846	8,850	9,097	9,116	9,173	9,227	9,255
Playgrounds	40	41	42	42	40	39	41	43	44	44
Vehicles	70	69	63	76	78	85	96	99	103	103
Water and sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	943	960	992	1,005	1,024	1,028	1,041	1,054	1,089	1,100
Sanitary sewers (miles)	898	906	955	962	971	980	987	999	1,018	1,026
Golf course	1	1	1	1	1	1	1	1	1	1

Sources: Various Howard County Departments

Note: Indicators are not available for State highways and education functions.

(a) Prior periods 2006 through 2007 and 2010 through 2014 restated to exclude non County-owned fire stations.

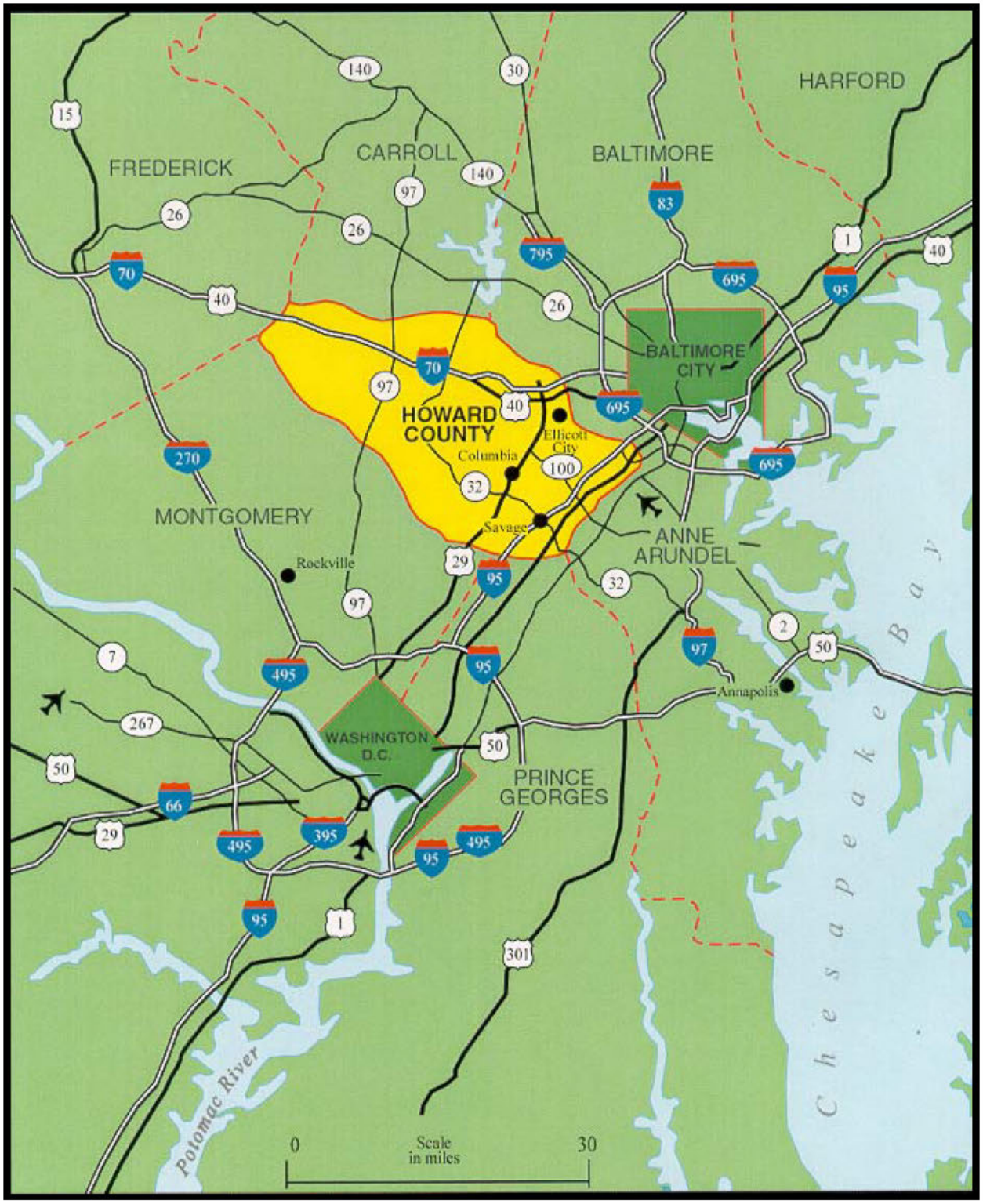
(b) Prior periods 2006 through 2014 restated to exclude nonbuilding structures.

(c) Prior period 2014 restated due to error in previous amount reported.

(d) Prior periods 2006 through 2009 and 2012 restated to exclude fixtures that Howard County rented/leased to BGE.

(e) Prior period 2014 restated to exclude Board of Education facilities that are owned by the school system.

Howard County Regional Location





Department of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043
(410) 313-2195 TDD 313-2323